

CHANGING THE WORLD FROM ABOVE

THE LIMITS OF
PROGRESSIVISM

Decio Machado
& Raul Zibechi





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The Limits of Progressivism

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Contents

Preface: English Edition	5
Preface: Spanish Edition.	8
Introduction	10
Popular uprisings and large mobilizations	15
Latin America 1989-2013	15
The stabilization: Progressivist Governments	16
New times: a turn to the right	24
CHAPTER I. The Managers/Administrators: A New Bourgeoisie? . . .	32
CHAPTER II. Elites or New Ruling Classes in the Processes of Change	48
CHAPTER III. New Elites Under Progressivism	66
The immediate background	67
Brazil: What corruption shows	88
CHAPTER IV. End of Cycle: Inequality & Repression to Sustain Privileges	102
a) The persistence of inequality	102
b) Social policies at the service of financial capital.	114
c) More repression to sustain privileges	118
Epilogue. The Crossroads of Critical Thinking & The Crisis of Intellectuals	132
Bibliography	138





Preface: English Edition

On February 26, 2025, the newspaper *El País* published an interview with Colombian President Gustavo Petro. Above his photograph, the headline featured the phrase: “I failed by believing I could make a revolution by governing.” Upon reading this, our first reaction was: *Really?* The belief that a country can be structurally transformed from within the state—especially in a context where governments are subordinated to the interests of global capitalism and the international organization of labor—is a recurring illusion. This book, written a decade ago, addresses precisely that. It reiterates what history has repeatedly shown and what is so often forgotten by self-proclaimed “radicals” and “revolutionaries”: that attempts to make a revolution through state power are destined to fail.

This book, written by Ecuadorian sociologist Decio Machado and Uruguayan journalist Raúl Zibechi, reflects on the reality of social transformation through the state. Combining historical analysis to make sense of the recent present, the book offers among the most incisive analyses of what transpired with the rise –on the backs of popular movements–, of progressivist governments beginning in the late 1990s to 2000s in Latin America, during the so-called “Pink Tide”. As a critical review of this period, this book is essential for understanding the failures of the recent past, to live a dignified present, and set a new horizon for the future. It not only examines the limitations and contradictions of progressive governments but also deconstructs the myth that the state can be the driving force behind deep social transformation.

What stands out about this book—though not entirely unusual—is that it emerges from within Marxist and leftist traditions, and from Latin America itself. As Chapter II reminds us, anarchists had already raised concerns about the issues this book addresses as early as the 19th century. That historical insight, however, could be more fully acknowledged, particularly given the strength of the anarchist tradition in countries like Mexico, Chile, and Argentina. While Machado and



Zibechi do recognize figures like Mikhail Bakunin (alongside Pyotr Kropotkin), they do not delve into the important critiques Bakunin made of Marx's work — well before the authoritarian turn of the Russian Revolution, with the Cheka, the gulags, and the persecution of anarchists and anti-authoritarian Marxists alike. The debate between Marx and Bakunin over the role of the state would ultimately fracture the First International. In recognizing the clarity of Bakunin's warnings, Noam Chomsky once remarked: "That [it] must be one of the few predictions of the social sciences to have come true so dramatically. It deserves a place of honor in the famous canon for that reason alone, though we will wait a long time for that."¹

Machado and Zibechi explore how these governments—supported by national businesses, labor unions, political parties, and certain popular sectors—used social mobilization to displace traditional elites linked to transnational capital, only to replace one structure of domination with another. Under the rhetoric of citizen participation, these regimes reduced democracy to mere electoral processes, implemented clientelist policies, and stripped autonomy from social organizations and movements that had resisted neoliberalism. Instead of fostering critical and autonomous societies, they encouraged passive populations dependent on the state.

Nearly ten years after its publication, and in the face of escalating violence, increasing militarization and the entrenchment of capitalism through organized crime and dispossession—both legal and illegal— in Latin America, it is crucial to understand the history of top-down transformations and their failed attempts. As the authors illustrate in their most recent collaboration: *Estados para el despojo*, these processes are not exclusive to Latin America; they also remind us of Russia in 1917, Cuba in 1959, and countless other historical experiences of betrayed revolutions. The cases of many of these Latin American governments have served as laboratories for the expansion of police and judicial control. Following the authors, the suspension of rights, the criminalization of social protest, and a model of permanent militarization confirm that we are living in a permanent state of exception.

At a time when so-called democracies in the Global North and South are facing profound crisis, we believe this book is more relevant than ever—not only for its sharp analysis and important contributions but, above all, for the lessons we can draw from it: The revolution and the socio-ecological transformation we need will

1. Chomsky N (2005) *On Anarchism*. Oakland: AK Press, p. 205.



not be found in government palaces but in direct action and collective organization, in the creation of networks, and in the emergence of what, following the Zapatistas, we might call an internationalism of the many from below.

We want to express our deep gratitude to the authors, Decio Machado and Raúl Zibechi, for entrusting us with the publication of this book in English. We also thank the collective and publishing house Bajo Tierra in Mexico City, whose support has been fundamental to this edition. We are honored and excited to present this work through Rupture Press, convinced that its message remains urgent and necessary.

Rupture Press Collective, March 2025



Preface: Spanish Edition

The end of the cycle of progressivist governments in Latin America has completely transformed the region. The hopes placed in them, the expectations, the struggle against Latin American right-wing forces, and the very imagination of what constitutes the left –all have been swept away by their retreat. The entire continent has entered a dark hour. From a long-term perspective, however, imperialism, neoliberal forces, and the structural dependency of historically subordinated economies are only some of the factors that fail to fully explain this abrupt and cascading collapse. Taking a clearly leftist and anti-systemic stance, Ecuadorian sociologist Decio Machado, in collaboration with renowned Uruguayan journalist Raúl Zibechi, conducts a meticulous assessment of the progressivist decade.

From Venezuela to Argentina, passing through Brazil, Bolivia, and Ecuador, Machado and Zibechi dissect what may be the core weakness, contradictions, and limitations of these governments: their conception of social change; their transformative horizon; and, most notably, their exercise of state power. Machado and Zibechi's thesis has sparked intense debate in recent decades about the state and its emancipatory limits.

Armed with a wealth of data, but more importantly, by contrasting recent social processes with the ideas of revolutionary movements and figures –from Marx, Lenin, Mao, and Che to Paul Sweezy, Immanuel Wallerstein, Fernand Braudel, Antonio Negri, and Giorgio Agamben– this brief yet intense and profound analysis of progressivist governments leads the reader toward a radical critique of power, even when those in power claim to be leftist, radical, or even socialist. With Zibechi's broad and in-depth knowledge of social movements and Machado's societal perspective –who once served as an advisor to Ecuadorian President Rafael Correa– progressivist Latin America reveals its hidden face.

The axis of their critique is devastating: the struggles, uprisings, movements, and rebellions that shook the continent from the streets and mountains to the



weakened neoliberal elites, in essence paved the way for governments that soon became new ruling elites. These groups and new bureaucracies tamed and stabilized the social unrest that had broken neoliberalism. Tied to extractivism and a state-driven, conservative vision, they imposed themselves, transforming into oligarchies. They became separated from the popular classes, without their control or mandate, prioritizing a mode of economic management that distributed benefits but ultimately strengthened capital. They governed from above.

At Bajo Tierra Ediciones, we present *Changing the World from Above: The Limits of Progressivism* because our editorial line is clear: to critique power, to learn from struggles and resistances, to think and rethink emancipation. We publish this work as part of our ongoing dissemination of Raúl Zibechi's work, who has entrusted us with his writings despite us being a small, independent publishing project; driven not by maximum profit but by autonomy and self-management. *Works such as Autonomies and Emancipations* (2008), *Brazil as a Power* (2013), and *Decolonizing Critical Thought and Rebellions* (2015) have been published under our imprint, reflecting Zibechi's trust in our connections and collaborations with social movements in our country, as he has done throughout the continent, linking only with self-managed publishers and projects.

This publication, in collaboration with Machado, ultimately offers a corrosive and devastating critique. But only from such critique can a new perspective emerge—one that learns from historical errors, from forms of domination wrapped in leftist and progressivist discourse. Evaluating limits does not mean playing into the hands of the right. Defending and justifying the contradictions of power has proven to be extremely dangerous in the past. That mistake must never be repeated.

Someone once wrote long ago that “what we must do today is to criticize everything existing, relentlessly; relentlessly in the sense that criticism should not fear its consequences, nor conflict with established powers.” These are the words of Marx [who did not handle criticism from Bakunin very well]. In *Governing the World from Above*, this implacable critique continues in that tradition—perhaps because, as the intellectual and militant from Trier said, we seek to find the new world by critically examining the old. Let us then examine the limits of progressivism, to help give birth to new worlds—worlds that are already growing in the cracks of the dominant order and remain the only window into the future.

Bajo Tierra Ediciones, 2017



Introduction

On the morning of February 27, 1989, “the hills came down” and took over Caracas. The spontaneous, chaotic, and violent eruption of the city’s poor forever changed the reality of the country and, to a degree, that of the continent. The government of Carlos Andres Perez had imposed a package of economic, financial and fiscal measures to reduce the fiscal deficit within the structural adjustments framework promoted by the International Monetary Fund (IMF). On February 26, a 30 percent increase in gasoline prices was announced, alongside an increase in transportation fares, with the prospect of raising fares to as much as one hundred percent after three months.

Protests began around the bus terminals in response to the abuse of the transport companies who abusively raised prices above what had been agreed upon. During the 27th, the impoverished population erected barricades, set buses on fire and looted stores. Their uncontrollable fury was the result of decades of accumulated injustice. As pointed out by the Venezuelan Program of Education-Action in Human Rights (*Provea by its acronym in Spanish*), the population broke in into grocery stores and supermarkets “finding in their warehouses the products included in the basic diet which for weeks had been hoarded while waiting for the liberation of prices announced by the national government” (Provea, 1989: 8). Involved in the “spontaneous” actions were residents of the popular neighborhoods that inhabit the hills of the capital, students and sectors of the middle class dissatisfied with the policies of successive governments.

The following day the government imposed a curfew alongside the suspension of constitutional guarantees, taking the army out onto the streets. In the days following the uprising, military repression, including executions, became a routine against those who defied the imposed order. The 28th was the day of heaviest military repression. According to official figures there were 276 dead during the



Caracazo, but Causa R² parliamentarians raised the figure to 379, while student sources and international correspondents spoke of a thousand (Provea, 1989). The activist Roland Denis estimates the death toll at five thousand people, though he does not cite sources. He emphasizes that the rebellion of the 27th “left a sowed an underground code of struggle,” since in the following years in spite of the repression, “collective and ‘spontaneous’ violence became a recurrent form of struggle among the communities, mostly peripheral to the big cities, and protest groups, mostly student groups” (Denis, 2001: 18).

The truth is that the *Caracazo*, sometimes also referred to as the *Sacudón* [*The great shake*] opened a new period in the recent history of Venezuela. It’s important to examine this process because it shares key characteristics with similar movements that emerged throughout South America, involving various social and political actors. With some particularities that cannot be extrapolated, the case of the Venezuelan popular movement does not differ too much from the process followed by movements in principle very different in Ecuador, Bolivia and Argentina where the largest popular uprisings took shape at the end of the last decade of the twentieth century and the beginning of the twenty-first.

First, we have a multiplication of the protests that began in the mid-1980s and grew after the *Caracazo* until the first years of the new century. In addition to the increase in protests, there were qualitative changes: from the initial predominance of marches and strikes, there was a rapid slide towards more forceful tactics such as road closures, takeovers of buildings, invasions, burnings and lootings (López Maya, 2002).

The vast and profound popular activism, rooted in the territories of the urban peripheries, played a decisive role in the years following the *Caracazo*, being “the starting point of a political-cultural revolution whose echo runs throughout the nineties reaching our days with a very particular force” (Denis, 2001: 19). The people-mass-nation appears, in Denis’ words, as a new political subject that exercises a street democracy through the permanent mobilization of students and residents of popular neighborhoods, subverting and dismantling the regime of *Punto Fijo*³

2. *Causa R* or *Causa Radical* refers to a Venezuelan left-wing political party.

3. The *Punto Fijo* Pact was an agreement between the two main Venezuelan parties (AD and COPEI) to take turns in power after the overthrow of the Pérez Jiménez dictatorship in March 1958.



, which is identified as a corrupt and repressive *partidocracy*.⁴ Over the years, local and sectoral resistances intertwine with the creation of the Neighborhoods Assembly – “the center for the inauguration of social power in the country and the articulating agent of popular struggles” (Denis, 2001: 22) –, cultural and popular education networks, cooperatives, community media, high school and university student militancy, all of which grew exponentially between 1991 and 1993.

We are facing a new wave of autonomous and horizontal movements that question the logic of representation and political and union bureaucracies; community-based forms of organizing and struggle that articulate a sort of new hegemony in the popular field, which Denis defines as “self-centered collectivities,” whether territorial or not. In this we can see a common type of collective action unfolding, with barely different modes and different actors, throughout the 1990s in the entire region.

On February 4, 1992, just three years after the *Caracazo*, the rebellion of a group of military personnel modified the scenario and had a very powerful impact on the political culture of rebellion. In reality it was a civil-military rebellion, an alliance that had been incubating since the 1980s, in which the popular revolutionary organizations participated directly or indirectly. “Said insurrection is presented as a key fact to understand the organizational, political and even cultural profiles that will be adopted by the extensive development of social subversion that will follow its course after the failure of the rebellion, until the present day” (Denis, 2001: 30). The perception that part of the armed forces backed the popular hatred against the upper classes (“they were on our side,” says Denis), strengthened the anti-system sentiment and the self-esteem of the movement, which from now on had a strong man who supported and interpreted it. The imprisoned military became a symbol of hatred towards the corrupt party system.

In March and April of that year, *cacerlozos* [*casserole drumming*] with insurrectional characteristics mobilized the population, in which cries of “Chávez, Chávez” were heard for the first time, in what undoubtedly was the popular construction of a leadership. What is interesting to highlight is how in very few years (in fact from 1989 to 1992) the autonomy of the developing popular processes undergoes

4. TN: A term used in Latin American political discourse to describe a system where political parties hold excessive power, often to the detriment of democratic principles. The word is derived from the Spanish “*partido*” (party) and the greek “*kratos*” (power or rule).



important changes, including the relationship with the military component. In the gradual forging of the civil-military alliance, the role of the military consisted in accompanying the popular insurrection, but after February 4 that task “was substituted by the coup version of the insurgency,” by which the uniformed men took the central and leading role (Denis, 2001: 37). The mutations in the insurgent political culture, or if one prefers, the rescuing of the old *caudillo* [*warlords/populist leaders*] culture by the people in struggle, is then further reinforced by the military uprisings that then displace the protagonism of the people in the streets:

The entire rationale of the emerging new political culture in birth is thus interrupted in its development becoming confined within the conspiratorial circles monopolized by Chavismo or more broadly by the party of the supposed civil-military alliance.

This breach of the ethics of resistance begins to become evident with the uprising of November 27, 1992, an event where the insurgent participation of the people is intensified; but remained trapped in the decisions made by *petit comité* before and during the coup [...]. Later, once Chávez was released from prison and the MBR 200 was opened up to civilian groups, the logic of the *cogollo* [*the elite*] would impose itself with greater strength and support, which directly or indirectly induced a profound impoverishment of the mass struggles between 1994 and 1997 (Denis, 2001: 45).

From that point on, the center stage was occupied by Hugo Chávez, a leader who embodied the rage and passion of the poor. Once this leadership is frozen, in whose configuration not only a plebeian participation is registered, in its modes and contents, but also that of the organized militant groups, which converge behind the warrior-leader –whom some invoke with mystical traits and others with the character of the revolutionary leader– as it will thus be the same in the protests. After that, protests were never the same. “An illusion was created” –as Denis keenly observes– “that action itself, initially violent and taking place in the streets, was no longer necessary. It could now be replaced by a call to listen to the leader” (ibid.: 47).

Around Chávez, a process unfolded that, at its core, did not differ significantly from those that gave rise to other Latin American *caudillista* leaders in the 20th century, such as Perón (and Peronism) in Argentina. Our interest here is to reflect on the popular insurgency that took place in various countries across the region. Though they produced events of enormous importance, these uprisings ultimately led towards the institutionalization of the movements that had been the protagonists



of social and political conflict. With the exception of the 1994 Zapatista revolt, all the major popular actions led to electoral processes that brought leaders to power who had participated in a somehow or another in revolts (the case of Evo Morales), or had acted even in the opposite camp to that of the rebels (the case of Néstor Kirchner), the exception in this sense being that of Ecuador, largely due to the failure or betrayal of the leader appointed to embody the aspirations of the rebels (the case of Lucio Gutiérrez).

The three cases, along with that of Luiz Inácio Lula da Silva, highlight the weaknesses of the movements that were displaced by the political projects promoted by parties such as the Movement Towards Socialism (MAS, *by its acronym in Spanish*) in Bolivia and the Workers' Party (PT, *by its acronym in Spanish*) in Brazil. If there is any place where the channeling and institutionalization of the rebellion was particularly striking, it is Venezuela, here the popular revolt went the furthest, having the characteristic of a massive popular armed insurrection, which was what actually sank the two-party political system and opened a vacuum that was occupied, very soon indeed, by Chavismo as a popular phenomenon, long before it became a government.

However, the Venezuelan case was in reality the norm. In Bolivia, the main difference is that the proposal to transform the rebellion into an electoral political organization to enter the State came from the very heart of the movements, a point on which all the members of the Unity Pact⁵ agreed upon. Even those who bet on the other side, the one led by Felipe Quispe, also built their political-electoral strength, although they never had the reach nor the success of MAS and Evo Morales. In Ecuador, on the other hand, something similar happened, where the Confederation of Indigenous Nationalities of Ecuador (CONAIE) supported the formation of the political movement Pachakutik to compete in the electoral arena. Its following internal crisis after the alliance and subsequent rupture with the government of Lucio Gutiérrez, left the field open for the construction of alternative electoral tools such as *Alianza PAIS* [*by its acronym in Spanish*].

5. The alliance of the main Bolivian social organizations that brought Evo Morales to the government and played a leading role in the Constituent Assembly process



Popular uprisings and large mobilizations Latin America 1989-2013

<i>EVENT</i>	<i>COUNTRY</i>	<i>YEAR</i>	<i>CHARACTERISTICS</i>
Caracazo	Venezuela	1989	Spontaneous popular protest
Inty Raymi	Ecuador	1990	Indigenous uprising
Ya Basta!!	Mexico	1994	The Zapatista uprising
Fall A. Bucaram	Ecuador	1997	Popular uprising
Paraguayan March	Paraguay	1999	Semi-spontaneous popular protest
The Water War	Cochabamba-Bolivia	2000	Popular uprising
Fall of J. Mahuad	Ecuador	2000	Popular uprising
The March of the Four Suyos	Peru	2000	Large organized march
Fall of the Rúa	Argentina	2001	Spontaneous urban popular protest
Road cuts	Paraguay	2002	Farmers mobilization
No privatizations	Arequipa-Peru	2002	Popular uprising
Anti-Coup d'Etat	Caracas-Venezuela	2002	Popular uprising
I Gas War	Bolivia	2003	Indigenous uprising
II Gas War	Bolivia	2005	Popular uprising
The Rebellion of the Outlaws	Ecuador	2005	Popular uprising
Oaxaca Commune	Mexico	2006	Indigenous uprising
Baguazo	Peru	2009	Indigenous uprising
TIPNIS March	Bolivia	2011	Popular mobilization
June days protest	Brazil	2013	Popular mobilization



As can be seen from the table above (which does not pretend to reflect all popular actions) between 1989 and 2005, there was a tight cycle of popular uprisings and large mobilizations that provoked, directly and indirectly, the fall of a dozen South American governments: three overthrown presidents in Ecuador (Abdalá Bucaram in 1997, Jamil Mahuad in 2000 and Lucio Gutiérrez in 2005); two in Argentina (Fernando de la Rúa and Adolfo Rodríguez Saá in 2001); two in Bolivia (Gonzalo Sánchez de Lozada in 2003 and Carlos Mesa in 2005); one in Paraguay (Raúl Cubas in 1999); one in Peru (Albert Fujimori in 2000), one in Brazil (Fernando Collor de Melo in 1993) and one in Venezuela (Carlos Andrés Pérez in 1993).⁶

With the exception of Peru, in all South American countries where there were large mobilizations and uprisings, the leftists and progressivist came to power through electoral means. Once at the peak of state power, even when they had sufficient majorities to govern alone, they chose the path of strengthening the state apparatus, convinced that this was the right tool to promote the changes they sought. Two major problems converge here: the changes needed and desired by a significant part of the popular sectors cannot be processed through the electoral system or the state apparatus.

Whether we like it or not, electoral democracy has been created to shield the interests of the big landowners and guarantee the centrality of the State before society, not to channel the needs of the oppressed. But what seems necessary to unravel are the underlying reasons why powerful rebellions ended up being redirected towards the management of the State at its various levels, without a minimally structured opposition, as if electoral participation were the natural and necessary way out to recompose the ongoing crises. We will explore this issue after briefly reviewing the governance of progressivist administrations and the end of their cycle.

The stabilization: Progressivist Governments

After a decade of convulsions, a decade of stabilization followed. Progressivist forces came to power through elections in Venezuela (1999), Brazil (2003), Argentina (2003), Bolivia and Uruguay (2005), Ecuador (2007) and Paraguay (2008). It is debatable whether the Chilean Concertación can be included as part of these forces. In three of these countries new constitutions were approved (Venezuela,

6. Some presidents were removed from office by parliament, but in the context of fierce street protests.



Bolivia and Ecuador), embodying the processes that followed the collapse of the old party system, largely due to the momentum of social unrest and protests. The other countries saw the electoral rise of political forces that presented themselves as anti-neoliberal, without producing drastic or dramatic ruptures in the political system, except in Argentina, where the resignation of Fernando de la Rúa opened a period of uncertainty that ended in mid-2002 with the call for elections by then President Eduardo Duhalde.

Among the various progressivist governments there were at least four issues in common and some differences. These common logics are: First, the strengthening/repositioning of the States; second, the application of compensatory social policies as the axis of the new governance; third, the extractive model of production and export of *commodities* as the basis of the economy; and fourth the execution of major infrastructure projects. In our view, the extractive model anchored on hydrocarbons, open-pit mining and monocultures such as soybean, was the key to economic success and social policies anchored on monetary transfers, as well as the axis of the legitimacy of progressivism.

The process that runs through all the aforementioned governments, and the decisive one in the governments born out of destitution processes, is the central role granted to the State by the forces of change and by the elected governments. The so-called “revolutions” (“Bolivarian”, “Citizen’s”, etc.) were the names given by those in power to the processes established through the electoral triumphs, which began to administer the state inheritance in ways different from those that had characterized the neoliberal period.

Venezuela approved its current Constitution in 1999, Ecuador did so in 2008 and Bolivia in 2009. Neither the constitutional processes that promised to “re-found the State,” nor the governments that led them, promoted fundamental changes in the State structure. The military bureaucracy was not touched nor its hierarchies disrupted; its vertical culture did not suffer the slightest impairment, so that the “revolutions” stopped at the door of the police barracks and military headquarters. The same can be said of the civil bureaucracy, beyond some cosmetic changes (such as giving the name “plurinational” to the old institutions inherited from the colony or creating new departments within the same statist logic) everything remained in place, although in ministerial offices and parliaments *ponchos* and *polleras* [*Traditional indigenous costumes*] appeared and first nations languages were spoken.



The concept of “socialism of the XXI century” was as hollowed out and viti-ated as that of “revolution.” The confusions were multiple, among them the disso-lution of the differences between power and government, completely blurred by pompous speeches but short of content. The definition of socialism in the Law of Communes of the Bolivarian Republic of Venezuela exposes these limitations when in its article 4° it links the new society to the economy and not to the type of power on which it is based:

Socialism: mode of social relations of production focused on solidary coexistence and the satisfaction of material and intangible needs of the whole society, which has as its fundamental basis the recovery of the value of labor as a producer of goods and services to satisfy human needs and achieve supreme social happiness and integral human development. To this end, it is necessary the development of social property over the basic and strategic factors and means of production, allowing all Venezuelan families and citizens to own, use and enjoy their individual or family assets or property, and to exercise the full enjoyment of their economic, social, political and cultural rights (AVN [*for its acronym in spanish that stands for Venezuelan News Agency*], 2010: 10).

It should be remembered that in critical theory there is no such thing as a “socialist mode of production,” since socialism is understood as the transition period between capitalism and communism, in which the workers are in power and fight against a class enemy. In the aforementioned definition, the concept of struggle or conflict as the axis around which popular power is organized does not appear. Something similar happens with the “communes,” local bodies that sustain popular power but which in reality have no power, since they do not have an apparatus of coercion capable of making the decisions they take as a reality. Popular power is not based on “social property” nor on “protagonist participation,” it is not based on an economy although it must have an economic base; power is born from the rifle, from the people gathered and armed. However, all instances of the Venezuelan “popular power” are subject to the Constitution, to the public power and to the existing laws as clearly emerges from the Law of Communes, where the forms of self-government function “within the framework of the democratic State,” according to Article 1 (AVN, 2010: 3). It is not, therefore, a counter-power, but one more gear of the existing powers.

An analysis of the Law of Communes allows for placing it within the framework of the decentralization processes proposed by the World Bank in the 1990s, but not



at all as a counter-power or a new type of State. Article 6° details the purposes of the communes which consist of “planning of social and economic development, the formulation of projects, the elaboration and execution of the budget, the administration and management of the competencies and services that, in accordance with the decentralization process, are transferred to them” (AVN, 2010: 12). This clearly indicates that they are dependent on the central instances that transfer these competencies to them.

They can participate, as stated in Article 7°, in “the formulation, execution and control of public management,” that is to say, they function as dependent organizations, but controlling and executing at the local level what has been decided in other spheres, that is to say, in the State/government. By definition, an autonomous power has no limits, it limits itself when it deems it convenient. In the Venezuelan case, unlike the soviets in Russia, the communes have been created from above, which means that they are subject to that above which created them.

More transparent is the proposal of the then Vice President of Bolivia, Álvaro García Linera. He understood that Bolivia was going through a “state transition” since MAS occupied the government. He analyzes the State based on three axes: as a political correlation of social forces, as an institutional materiality, and as a collective idea “that guarantees moral consent between the rulers and the ruled” (García, 2014: 82). This politician, who claims to be a Marxist, considers that coercion is on the same level as the legitimacy of the State as an institution, which is why he believes that it is a neutral tool that can be used for various objectives.

Contrary to Marx’s ideas, who proposed the destruction of the state apparatus, the Bolivian Vice President affirmed that the arrival of the MAS State power through electoral means combined with the defeat of the old ruling classes during the mobilizations of 2008, “closes the cycle of state transition and mark the beginning of the construction of the new State” (ibid: 88). He acknowledges that there was not to be the slightest change within the armed forces and the police, which would now be loyal to the government, and that even in the civil bureaucracy there are partial changes, since the new state bureaucracy is a sort of synthesis between the old and the new officials. However, the dramatic point is that he considers the key to the transition from one state to another (what they call “refounding” or “decolonization”) to lie in the arrival of new political personnel to the highest positions in the administration:



There are new social classes that have become politically visible, emerging from new ethnic, cultural, and regional identities, now controlling the main mechanisms of state decision-making. There is also a process of replacement and expansion of the administrative elites of the State. What is significant about this modification in the social composition of the bloc in power and the upper levels of the public administration is that, both ethnically and in terms of class, the social distances from the former state power bloc are enormous (ibid.: 93).

The replacement of political personnel in the high hierarchy of the civil bureaucracy is enough to ensure that Bolivia is facing a new political system. There were also changes in the economic role of the State whose weight doubled, already in 2009, reaching 31% of the GDP. We are then facing a new group of people at the head of the State, who now control important and decisive parcels of the economy (the State is now the main collective entrepreneur, García assures). To affirm that these high-ranking officials are in the process of transitioning towards a new State, without taking into account that they are very probably the nuclei of a new class in power (or a new bureaucracy), is to throw overboard the whole historical experience of the revolutions of the 20th century; but, in addition, it is to put their knowledge and capacities at the service of this process of gestation of a new elite from the heart of State power.

Far from the simplistic and self-justifying narrative, the reality shows that the MAS government (the core of the ruling bloc) sought to monopolize political decision-making while displacing and silencing movements, groups, and individuals who oppose it –especially those from popular sectors. It was during the long process of debates in the Constituent Assembly that the MAS government– acting as a mediator between the oligarchy and the Pacto de Unidad, the coalition of movements that had brought it to power–managed to close the cycle of struggles that had begun in 2000 with the Water War. Through this process, Evo’s government reclaimed the central role of the State, acting as mediator between the two opposing sides and producing “a completely state-centered social synthesis, which in turn implied the deepening of a political strategy aimed at disarticulating and neutralizing the indigenous, peasant, and grassroots movement” (Salazar, 2015: 206).

With the approval of a Constitution that was far more limited than the initial aspirations of the movements, the centrality of state power was rebuilt –this



time against indigenous, peasant, and popular organizations. According to Óscar Olivera, leader of the Water Coordinating Committee, the government expropriated the strength and voice of the movements, now speaking on their behalf: “They say: ‘We are your government, therefore you have no need to speak, because we are speaking for you’” (ibid.: 223-224).

In this way, the MAS-government-State consolidated a project that, according to political scientist Luis Tapia, combined a capitalist nucleus, with which it established a solid alliance, with the government monopoly of political life. It is “a project for the reconstitution of the nation-state in Bolivia, which is re-coupling the structures of power and patrimonialist domination with a new leadership of popular origin, which in turn is organizing a regime of political tyranny over the same people from which it has emerged” (Tapia, 2011: 125).

The challenge the MAS faced in stabilizing its project –not very different from the challenges faced by other political projects in the region– is that society and the left are plural and diverse; and this diversity is structural, not merely ideological, as it is rooted in the very nature of social relations. This characteristic of Bolivian society, which we could describe as radical plurality/diversity/heterogeneity, has created enormous difficulties for the elites, who have never been able to govern through consensus, but rather through a form of domination that has lasted for more than five centuries. However, this radical diversity is also what has made possible the resistances and indigenous and popular uprisings and revolutions in the Andes. Therefore, instead of a unified “society,” what we have, as Aníbal Quijano points out, is a complex field of heterogeneous social relations –neither organic nor systemic– whose links are discontinuous, inconsistent, and conflictive (Quijano, 2000).

This whole or totality, in which the parts have relative autonomy, operates in a double sense: it makes oppression difficult but at the same time hinders the attempts to produce changes as if it were an organic totality that works as a homogeneous machine. The MAS attempts to modernize Bolivia could only be successful in a long process of democratic debates among all Indigenous peoples and among all the economic and social sectors that make up the broad and diverse below. However, these efforts are destined to fail if they are imposed by force disregarding the necessary times and spaces for decision-making process and implementation.



This is why Tapia maintains that the MAS became “a counterinsurgent force” because it reduced, closed down and repressed the autonomous politics and pluralism existing in the organizations. “The central core of MAS is the monopoly of political life,” something he considers senseless “in a territory like Bolivia, characterized precisely by the capacity to generate direct democracy from various nuclei” (Tapia, 2011: 115). The drive to control collective life from above has turned it into a party of the state dedicated to the surveillance of those organizations that maintain their autonomy, through the intimidation and the judicial prosecution of critical leaders.

The conclusion is that “the MAS operates as a disorganizing force for the people, as a way of organizing a monopoly” (Tapia, 2011: 118). This is the price paid by a statist political force to impose a development/modernization project based on extractivism that, to do so, needs to eliminate democracy and plurality through co-optation, repression or concentration of power, and in fact through the combination of all these mechanisms. For MAS it is impossible to build hegemony from the State. To do so, according to Tapia, it should be a force capable of articulating and enhancing “what is being deployed by subjects and blocs already in development,” but what it does is the opposite, “it is pulling down and backwards, that is, it is reducing the historical, political and cultural horizon” (Tapia, 2011: 132). Because the popular-community horizon in Bolivia has gone beyond the State, questioning obedience between rulers and ruled (Gutiérrez, 2008).

In any case, Bolivia (and to a lesser extent Ecuador) opens up a major dilemma, which critical thought is far from having begun to investigate. This is the theme of Silvia Rivera Cusicanqui, when she tells us that the nation is a straitjacket that “blocks the liberating emergence, the change, the pachakuti, that is, the profound revolt” (Rivera, 2006: 98). In this text the Bolivian sociologist places the nation-state as a limit to emancipatory thought and practices, since she considers that it violates the basic social fabrics of the Indigenous peoples worlds, and that from these structures nothing different can be done.

This is what progressivist stabilization consisted of: the repositioning of the State and the closing of the cycles of struggles. If something like this happened in Bolivia, where the cycle of struggles went so far in questioning and overflowing the state frameworks, it can be imagined that in the rest of the region –where the cycles of protest did not even question the ancestral institutional forms of



domination– the recomposition of the state was quicker and had fewer problems, except perhaps in the case of Ecuador.

Between May and June of 1990, the first uprising of Ecuador’s Indigenous peoples and nationalities took place. Their demands, summarized in 16 key points, centered on the defense and recognition of their rights, territories, justice, and freedom. The uprising caught the social democratic government of Rodrigo Borja off guard and marked the beginning of the crisis faced by Ecuador’s neoliberal project.

The “Inti Raymi Uprising” consolidated the Indigenous movement as a leading social force in Ecuador’s social struggles between 1990 and 2005, transitioning from popular resistance to briefly sharing power during Lucio Gutiérrez’s government. When the political movement *Pachakutik* emerged as the main opposition force to structural adjustment, its participation in the government –initially considered a victory– triggered an internal crisis from which the Indigenous movement as a whole has yet to fully recover. This shift altered the political landscape, allowing for the emergence of new citizen-based demands, around which urban middle classes began to mobilize. This, in turn, paved the way for the “Outlaws’ Revolt” (*Revuelta de los Forajidos*) and the fall of Gutiérrez’s government in April 2005.

This context made possible the rapid construction, just months before the 2006 presidential elections, of a new political phenomenon that would prove electorally effective: Rafael Correa and *Alianza País*. There were no deep programmatic debates or shared histories of struggle to generate mutual trust among those who initially supported the project. There was only one name: Rafael Correa, an academic with no prior activist commitments, who had briefly served as Minister of Economy under Alfredo Palacio. After resigning from that post, Correa gained widespread social sympathy and demonstrated significant charisma.

The objective of his government, although initially unclear, soon became evident: to pull the country out of isolation through a profound process of modernization, which also involved turning the page on the discredited neoliberal era. This meant modernizing the economy through state intervention, and modernizing the state through the recovery of public institutions and the re-legitimation of the political representation system. In short: the return of the state and its institutions.

Correa demonstrated what the return of the State means –but not just any State, rather a strong State in a small country. To build that reality, he did not rely on popular mobilization or the support of strong social organizations. He showed



that concessions could be minimal and that they did not have to affect the structural aspects of the system. He also demonstrated how this could be achieved by filling institutional management positions with a new technocratic generation, largely trained abroad, proving that it was not necessary to sever the fundamental ties between political power and economic power. Perhaps Rafael Correa was the one who best demonstrated that technical adjustments to the model of governance do not have to involve social reforms, let alone structural transformations. President Correa himself put it in his own words: “Basically, we are doing things better within the same accumulation model, rather than changing it, because it is not our intention to harm the rich, but it is our intention to have a more just and equitable society.”⁷

New times: a turn to the right

When major historical processes come to an end and significant political defeats ensue, confusion and discouragement tend to set in. Reality becomes entangled with desires, and even the most consistent analytical frameworks blur, giving way to interpretations that are often arbitrary and one-sided. Something similar is happening today in South America, after a long decade in which transformative social movements converged with governments that sought to overcome historical dependence through a novel project of regional integration, anchored in a quest for autonomy that would break with the “backyard” status imposed by the international division of labor.

With the onset of the economic crisis, accelerated by the abrupt drop in commodity prices –prices that had created the illusion that living conditions for the poor could improve without challenging existing privileges– it became clear that what had been built over the course of a decade was far too fragile. Latin American economies ended 2015 with a significant downturn, and in 2016, growth was projected to be negligible.

The second key element shaping this new reality is the recomposition of social movements, emerging as a symptom of the growing cracks between governments and societies.

The speculative increase in international commodity prices starting in 2003 was enormously detrimental to the continent, although neither its leaders nor the

7. Interview in the newspaper *El Telégrafo*, January 15, 2012.



population perceived it that way during the boom cycle. The massive trade surpluses generated by all the countries in the region legitimized their governments, but their policies were insufficient to transform the productive structure –the only way to sustain long-term growth.

On the contrary, by the end of the chavista cycle in Venezuela, dependence on oil exports had deepened, reaching 95% of total exports. In Brazil, the most industrialized country in the region, the massive export of soy and iron ore to China led to a decline in manufactured exports –which dragged down industrial production– and was partially replaced by imports of consumer goods from Asia.

The only relatively successful case of increased industrial output was Argentina, thanks to trade agreements with Brazil that facilitated the export of auto parts and the import of household appliances. These were political agreements aimed at fostering some level of productive complementarity, but they were not intensive enough to bring about a real transformation of the productive matrix.

Despite China becoming the main trading partner for several countries in the region, the shift in hegemonic power has not altered the relationships of change established since colonial times. According to ECLAC, in 2013 primary products accounted for 73 percent of the region's exports to China. On the contrary, manufactured goods accounted for only 6 percent of sales to the same destination compared to 42 percent of the world total. All countries in the region export less variety of products to China than to other destinations (ECLAC, 2015).

The consequences of this model were devastating for local populations. In Peru, nearly half the surface area of several Andean provinces has been concessioned to mining, including half of the Pacific watershed region, where 65% of the population lives, despite this area containing only 1.8% of the country's water resources (Observatorio de Conflictos Mineros en el Perú, 2012: 30). Mining conflicts remain severe and show no signs of decreasing in Chile, Peru, Argentina, and Colombia.

In Argentina, 28 million hectares of transgenic crops (soy, corn, and cotton) are sprayed each year with 300 million liters of glyphosate, with dire consequences for public health. In towns subjected to these fumigations, cancer rates and spontaneous miscarriage rates are between five and seven times higher than the national average, according to studies published by several universities (Lavaca, 2015).



Even in countries where there was an explicit intention to transform the productive matrix, no real progress was made. Bolivian economists Carlos Arze and Javier Gómez, from the Center for Labor and Agrarian Development Studies (CEDLA, *by its acronym in Spanish*), conclude that “the data on surplus use show that spending was prioritized over productive investment or the accumulation of productive capital in the form of investment,” and they argue that “the incorporation of the concept of *Vivir Bien* [Living Well] into government discourse serves solely an electoral political purpose” (Arze & Gómez, 2013: 127).

In Ecuador, sociologist Pablo Ospina highlights that Rafael Correa’s government “set out to change the accumulation model, but made no progress in that direction,” while the urgent need for funds to finance social policies “has thrown it into the hands of large-scale mining, thereby risking reinforcing precisely what it claims to want to overcome.” He argues that this is a government whose priority “is the strengthening of the State, not its democratization,” and that the so-called citizen revolution is reduced to a “disciplinary regime” that is constructing a form of “paternalistic capitalism” (Ospina, 2013: 209).

The truth is that none of the processes have taken solid steps to move away from the extractive model; on the contrary they have deepened dependence on the exports of primary goods. Over the years it has become clear that this model brings with it serious environmental problems and significant health consequences, which have been duly denounced by NGOs and social movements. However, its social consequences received far less attention. Extractivism generates sharp social polarization, concentrates wealth, and excludes part of the population, making social policies essential to sustain it –despite the initial belief that these policies would only be a temporary measure to overcome poverty, since an inclusive and relatively equalizing productive model would eventually replace it.

In the realm of social movements and organizations, there has been a profound shift within the sectors of society whose activism made the rise of progressive governments possible. It is still too early to pinpoint a clear turning point, but we could probably place it somewhere between December 2010 (the conflict over the occupation of the Indoamericano Park in Buenos Aires by thousands of homeless families) and June 2013 (the massive protests in Brazil). In Ecuador, the rupture grew exponentially in 2015 with the Indigenous and popular uprising in August,



and the harsh repression unleashed against the movements. In Uruguay, teachers and students staged the largest demonstrations and strikes in over a decade. In Bolivia, the population rejected the ruling party's proposal to grant autonomy, and in Venezuela, two million people turned their backs on Nicolás Maduro's government on December 6, 2015.

After a period of weakening of the movements –due largely to the integration of leaders and cadres into the state apparatus, and also to the pacification generated by social policies– social conflict has re-emerged, rearticulating itself in new forms and formats. In almost every country, new movements have emerged that were not part of the progressive script. At the same time, there has also been remarkable resistance to co-optation from long-standing movements, such as the CONAIE [*Confederation of Indigenous Nationalities of Ecuador*] in Ecuador and the National Council of Ayllus and Markas of Qullasuyu (CONAMAQ; *by its acronym in Spanish*) and the Confederation of Indigenous Peoples (CIDOB, *by its acronym in Spanish*) in Bolivia.

What happened in Bolivia should be a source for deep reflections. The coup d'état against two historical organizations such as Conamaq and Cidob, marks the limits of progressivism and is a hard fact –much more important than the economic ones– about the inability of the MAS to democratically orient the Bolivian popular world.

As for the new movements, their first steps took place at the margins. The *Unión de Asambleas Ciudadanas* [Union of Citizen Assemblies] in Argentina brought together more than one hundred local collectives opposing soy and mining extractivism. They have successfully stopped Monsanto's plan to install a seed "factory" in Malvinas Argentinas, near Córdoba, as well as several mining projects in the Andes. Resistance to soy cultivation has managed to link university and urban activism with small groups from the communities most affected by pesticide fumigations –the most aggressive face of the soy model.

Among the new movements, the most notable case is Brazil's *Movimento Passe Livre* (MPL, *by its acronym in Portuguese*) which led the *Jornadas de Junho* (June Days) in 2013 (Maricato, 2013). Three key points stand out: First, the movement that brought millions into the streets in 353 cities represented the unfulfilled demands of PT governments, particularly those related to transportation, education, health, and housing –issues directly tied to quality of life and inequality.



Second, it marked a breaking point that shattered the so-called “Lulista consensus,”⁸ which for a decade had fostered the illusion that poverty could be reduced without challenging privilege and without mobilizing the population. Third, the movement did not end in June of that year but instead gave rise to hundreds of small collectives operating based on autonomy, horizontality, and consensus decision-making, rejecting the creation of large bureaucratic structures. These new forms of organization and protest reappeared two years later in the occupation of nearly 200 secondary schools in São Paulo, in response to the state government’s proposed restructuring of the education system. They also surfaced in the emergence of dozens of groups in the favelas, where Brazil’s Black, poor, and young populations live.

Underneath the new movements, a new political culture is emerging –one that defines itself as non-partisan, though not anti-party, that decides by consensus and not on the basis of representation. This culture exists across the continent, with varying degrees of development, and it will play a decisive role in the future of processes of change. These new movements are already contributing to the delegitimization of the extractive model, as shown by the persistent community resistance to mega-mining in Peru, Chile, Ecuador, and Argentina. In parallel, the new movements can open up spaces for forms of collective action that are less dependent on electoral times, parties and charismatic leaders or *caudillos*, as is happening in Brazil and Mexico.

We are witnessing a much more profound epochal change than was ever suggested by the progressivist governments –governments that, in reality, merely tried to channel the remarkable popular energy into the stagnant waters of representation, in other words, into state politics. The most intense moments of social struggle (the Indigenous-Popular Parliaments of 2000 in Ecuador, the Aymara barracks in the Bolivian highlands in 2000 and 2001, the popular assemblies in Argentina in 2001 and 2002) were anti-state moments, but also anti-party –two organizational modes that follow the same logic.⁹

8. Concept coined by sociologist André Singer to describe Lula’s governments, which produced changes within the order and which reinforce the order, where there are no mobilizations and therefore the conflict ceases to have expression in party and institutional politics.

9. On these non-state forms of power see Pablo Mamani, *Whipalas y fusiles. Poder comunal y el levantamiento aymara de Achakahi-Omasuyus (2000-2001)*, Sol de Paz Pachakuti, La Paz, La Paz, 2012 and José Peralta Foundation, *La rebelión del arco iris*, Tlalaparta, Tafalla, 2001.



Compared to those moments, the progressivist statist recomposition represented a step backwards. A regression. For those of us committed to collective emancipation, the reference point must always be the highest level reached by the social struggle, never merely what is possible to achieve within the current system. What is possible is always the State, the party, the existing institutions. But emancipation cannot stop there.

The analysis of Brazilian sociologist Francisco de Oliveira points in that direction. After considering the “intensely reformist” mandate received by former President Lula, and in view of policies that ultimately did the exact opposite of that mandate –anchored in crude pragmatism– he concludes that “Lulism is a political regression, the vanguard of backwardness, and the backwardness of the vanguard” (De Oliveira, 2009). Six years later, in the midst of the moral bankruptcy of Lulism and progressivism as a whole, we must regard it as one of the most brilliant political predictions about South American progressivism.

Finally, what remains to be answered is why the powerful social struggles of our continent were channeled into electoral and institutional politics, trusting that the conquest of the State would be the master key to open the gates of paradise. There is no single or simple answer to this question. What does seem clear is that the political culture –or perhaps more accurately, the common sense –within the left and the movements is still unable to imagine a new world that does not reference the State, the government, and political parties. This culture does not seem to have been eroded by a decade of popular and Indigenous uprisings, nor by the resounding failure of another decade of state administrations that have brought little real change. What persists is a belief incapable of looking history in the face and drawing conclusions.

We trust that younger generations –and especially women and Indigenous peoples– might be able to rethink this history with fewer prejudices and without the burdens imposed by adult men. These sectors have already begun to change their place in the world through everyday struggles, challenging institutions without depending on them or expecting them to be the ones responsible for driving those changes. More and more, Indigenous peoples and youth are taking their lives into their own hands, regardless of who is in government, refusing to be dazzled by speeches that speak of revolution while imposing the opposite of what they proclaim.



These are the cracks that have managed to fracture the state-centered political culture. Perhaps we should celebrate the fact that thousands of women and young people have been able to build movements like Yasunidos, the defense of TIPNIS, the student struggles for a different kind of education, the *Ni Una Menos* [*Not a Single Woman Less*] marches, and so many others across every country in Latin America. Perhaps we should dedicate all our efforts to strengthening this emerging culture and stop wasting energy on the grotesque spectacle of the old, decadent political class, now dressed up as progressivism.

This is an urgent book, one that seeks to intervene –through critical analysis– in one of the most complex and significant junctures facing our region. It aims to serve as a tool for understanding and analysis for those actively involved in social struggles. At the same time, it is meant as an homage to those who resisted these years of isolation and repression without succumbing to the temptations of power, without aligning with either the right or with progressivism, and who, therefore, faced solitude –and in many cases, material hardship– to uphold their principles.

A co-authored book is always a greater challenge. It requires setting aside certain ideas to allow others to take shape, in an exercise of mutual trust and an effort to temper individual egos in order to cultivate a truly collective work. It has been an inspiring process to write this book together –two people from different generations, with distinct activist trajectories, though both within the revolutionary camp, with partially different occupations and interests, yet always united by a critical stance toward the reality that surrounds us.

The book contains four chapters. The first and second chapters aim to revisit and update some of the questions that keep us up at night –such as the nature of those who managed the state apparatus in the revolutions of the 20th century, whether they are state bureaucracies or potential new bourgeoisies.

The third chapter examines the emergence of new elites under progressive governments, and the fourth dives directly into the decline of the progressive period, which some have termed the “end of the cycle,” highlighting the persistence of inequalities, the intensification of repression, and the strengthening of financial capital.

We are aware that some of the issues we bring to this debate have been largely ignored by much of the global revolutionary movement, perhaps due to the crude



pragmatism that dominates institutional left. However, we found it necessary to revisit the question of who governs, and to interrogate the nature of the new elites who present themselves as progressive –even “revolutionary.”



CHAPTER I

The Managers/Administrators: A New Bourgeoisie?

“The driving force behind this process is collective work,” explains a Zapatista militant to two dozen students gathered on the basketball court of the community of 8 *de Marzo*, located in the municipality of 23 *de Noviembre*, part of the *Caracol Morelia* region. The *bases de apoyo* [Zapatista support bases] that make up the community actively participate in collective work, which forms the foundation of community organization and the Zapatista effort to build new social relations.

Women manage their own collective projects –such as chicken coops, coffee plantations, and candy production– through which they generate funds for their activities, ensuring financial independence from men. Thanks to collective work, the communities sustain their education and healthcare systems. These efforts provide essential resources for collective life, from water filters to transportation for selling products at markets and facilitating travel to the caracoles. They also help maintain clinics, hospitals, and primary and secondary schools.

The community lands, which previously belonged to a landlord, are designated for both collective and family use. On communal land, residents grow coffee, corn, or beans for community consumption and keep their livestock. On family plots, members cultivate their own milpas¹⁰ for self-sustenance. The land does not belong to any individual. If a family leaves the movement, the land they occupied reverts to the community. Formally, there is no ownership; the land holds use value –it cannot be sold or inherited, and only the assembly can decide its allocation.

10. TN: An agroecosystem primarily consisting of corn, beans, and pumpkins, combined with the diversity of spontaneous plants that appear in the field, represents one of the richest and most complex ecosystems in traditional farmer agriculture of Mesoamerica.



If we were to define Zapatista land ownership in strict legal terms, we would have to say that they lack formal titles –meaning the land is not registered as property with state institutions. The land does not belong to Zapatista families or their communities as private property. Instead, like the clinics, schools, and collective crops, it is held as a communal resource rather than as personal property. What governs is not legal ownership but practical use. Resources belong to those who utilize them, but once they cease to do so –whether because they leave the movement, pass away, or for any other reason– the community determines their future use.

In Zapatista communities, there is no distinction between owners and administrators. The communities are the true custodians of the land, even if it lacks official titles. They hold ownership insofar as they use the land for collective purposes or for the families within the movement. What sustains this “irregularity” from an administrative standpoint is the community’s organization and struggle, which prevents legal titleholders from reclaiming the land for personal use. The day this organization weakens or falters, control over the land is lost.

The central point is the true dissolution of the distinction between ownership and management. The entire community collectively owns the land as a common good or use value, and the same community also manages these resources for everyone. One of the key factors in this lack of distinction is collective work. Let’s examine how this functions in practice.

The community, through assembly decisions, determines which lands families will occupy, where each household will have a home and its *milpas*. It also designates which lands will be for collective use. Here, a fundamental principle emerges: all decisions are made in the assembly, which meets frequently to oversee the community’s use of common goods.

There is no separate team of managers or administrators. The same logic applies to the *Juntas de Buen Gobierno* [Good Government Councils], which oversee entire regions. Their members rotate regularly to prevent the formation of a specialized governing class that could become detached from the collective and focused solely on administration. The four levels of Zapatista organization –village or community, region, autonomous municipalities, and zone– are also four levels of assemblies, as all decisions are made within them.

The community assembly determines how many days are dedicated to family work and how many to collective work. However, these collective efforts are not



limited to working the land; they also include selling crops, supporting the construction of schools, hospitals, or bakeries, and assisting the families of health and education promoters. In many cases, the assembly decides that the collective will tend to the *milpas* of those whose sons or daughters are working for the movement. As Subcomandante Moisés explains, “we do not depend on the government” – self-governance means taking responsibility for all aspects of life (Subcomandante Insurgente Moisés, 2015a: 96).

Since each community, municipality, and region makes its own decisions, there is no single model applied across all levels. In some towns, five days are dedicated to collective work; in others, ten; in others, fewer. There is no central authority issuing standardized orders that everyone must follow. Each family is different –some have many children, others few. Crops vary by region, and the way agriculture is managed differs from livestock farming. Methods for raising funds for the movement also vary: in some areas, support bases contribute money; in others, they provide kilos of corn, beans, or coffee; and in others, they participate in collective labor. As Moisés explains, “all these things made us reflect that it is better for the peoples, the regions, the autonomous municipalities, and the zone to decide among themselves how they want to work” (Subcomandante Insurgente Moisés, 2015b: 101). In other words, neither the EZLN nor the Good Government Councils dictate what a municipality should do, nor does a municipality impose decisions on a community –each entity is autonomous in its decision-making.

Similarly, each local assembly determines how much to charge for medical services provided to non-Zapatistas, such as the so-called “*partidistas*” or “*PRIistas*”¹¹. Additionally, there is ongoing oversight of authorities, whether they are members of the Good Government Councils or municipal representatives, with these responsibilities rotating regularly:

These collective efforts have been crucial in helping us truly understand how to monitor the government, as it is the government –the Good Government Board, or the MAREZ [*by its acronym in Spanish that stands for Zapatista Revolutionary Autonomous Municipalities*]– that manages resources. Since this involves labor, the sweat of the people, the *compas*¹² demand accountability from their authorities: they must report the total income, total expenses, what the funds were spent on, and how much remains (Subcomandante Insurgente Moisés, 2015b: 106).

11. TN: people aligned with the Institutional Revolution Party, or PRI by its acronym in Spanish.

12. TN: diminutive for partner/comrade.



The concept of collective work extends beyond land cultivation and the economy; it encompasses the entire decision-making process, including assemblies, training roles, and representation. This structure helps prevent the emergence of bureaucracy. Management and administration are considered collective responsibilities, and those in charge not only rotate periodically but are also closely monitored by the community.

The gap between management and ownership has historically contributed to the rise of a new bourgeoisie in successful revolutions. In so-called socialist countries, the means of production are collectively owned through state control. However, because the state is governed by a small group, this group gradually transforms into an elite or a new bourgeoisie.

This book aims to explore a process that has remained largely overlooked. Marxist analysis has traditionally focused more on the expansion of productive forces than on the formation of new social relations.

In 1919, Lenin was ecstatic that groups of Moscow railroad workers had organized the “Communist Saturdays” –voluntary labor initiatives undertaken on their own to support essential productive tasks and sustain Soviet power amid the civil war. To the Bolshevik leader, these efforts were monumental: “It is the beginning of a revolution more difficult, more tangible, more radical, and more decisive than the overthrow of the bourgeoisie, for it is a victory over our own conservative spirit, over indiscipline, over petty-bourgeois selfishness.” Once this culture was firmly established, Lenin argued in *A Great Initiative*, “then and only then will it be impossible to retreat towards capitalism” (Lenin, 1978: 279).

For Lenin, the key to socialism was not property but social relations. His enthusiasm for the ‘Communist Saturdays’ was fully justified, as he saw them as ‘a germ of the new society.’ While he never abandoned the traditional Marxist view that economic growth and the transition away from small-scale labor and production were necessary, he also emphasized the importance of voluntary work, which he valued highly –possibly because it had been born among unskilled common laborers. Shortly after the end of the civil war in 1921, the ‘Communist Saturdays,’ which had emerged spontaneously, were institutionalized as party and state policy. According to the French Marxist economist Charles Bettelheim, these new social relations were ultimately dismantled due to ‘the development of administrative centralism, the multiplication of regulations and state coercion (which were not



conducive to grassroots initiatives), as well as the infiltration of “bourgeois specialists” into the state apparatus, leading to increased bureaucratization’ (Bettelheim, 1976: 184).

Even during Lenin’s lifetime, ‘Communist Saturdays’ became mandatory, transforming into a discipline imposed by a centralized apparatus that exerted coercion over workers. Instead of fostering genuine worker autonomy, these practices reinforced the capitalist division of labor –Taylorism and Fordism– by introducing new forms of exploitation, such as *Stakhanovism*. Although ‘Communist Saturdays’ persisted for many years, they ultimately became ‘an imposed ritual that allowed for the extraction of additional labor from workers’ (Bettelheim, 1976: 185).

What is crucial at this point is to recognize how a practice that initially embodied new social relations can be reversed and repurposed to serve the accumulation of power by a small group controlling the state apparatus. This highlights the need for a deeper understanding of the actual facts rather than being misled by narratives –often crafted by the bureaucracy or bourgeoisie to legitimize their rule.

These debates are crucial because, nearly a century after the triumph of the first socialist revolution, we cannot afford to be distracted or ignore the lessons of history. The failure of the Soviet experience and the People’s Republic of China –ultimately choosing a capitalist path through the reconstruction of a new ruling class, a “State class”– is a legacy we must confront. Even the shortcomings of socialism in Cuba demand serious analysis, given that millions have sacrificed their lives in the struggle for a new society. For this reason, it is unacceptable to discuss socialism in the 21st century without first reflecting critically on its achievements and failures over the course of a long and turbulent century.

According to Portuguese heterodox Marxist João Bernardo, there are two strands of Marxism: one focused on productive forces and another centered on social relations of production. Both perspectives run through Marx’s work, as well as that of other revolutionaries. Over time, however, Marxism became widely popularized as an ideology of evolution and progress, emphasizing economic development and advocating for its unlimited expansion. Many Marxists embraced the idea of “socialism through the State” (Del Río, 1993: 339), shifting their focus from class struggle as the driving force of history to viewing technical development as



the key to progress. This perspective, as Walter Benjamin (2010) argued in his *Theses on History*, led to a form of conformism, with the belief that the working class was naturally advancing alongside historical progress.

This strand of Marxism, focused on the development of productive forces, aligns with capitalism in that it views the economic structures inherited from it as the foundation of the new socialist society and its mode of production. It does not challenge the organization of capitalist labor, its discipline, or the machinery it employs, treating them as neutral factors. As a result, this perspective remains ‘alien to the question of surplus value’ (Bernardo, 2009: 409). It overlooks the fact that the productive forces created under capitalism are designed for and shaped by exploitation, and therefore, they cannot serve as the foundation of a society where exploitation is meant to be eradicated.

Economism is one of the primary consequences of prioritizing productive forces, as it reduces class struggle to a mere reflection of economic fluctuations and equates productive forces solely with material means of production. This perspective overlooks a fundamental Marxist principle: “the main productive force is constituted by the producers themselves” (Bettelheim, 1976: 27). This was evident in the Soviet Union, where socialism’s success was often measured by its ability to surpass U.S. production levels. Even Marxists critical of the Soviet regime, such as George Novack, lamented that “post-capitalist” states had failed to achieve comparable productivity. Novack also criticized the ‘bureaucratic caste’ for monopolizing decision-making, determining “who will benefit from the distribution and in what quantity” (Novack, 1979: 58), while ensuring their own privileged position at the helm.

This strand of orthodox Marxism places primary importance on the ownership of the means of production. It argues that developing the productive forces –once freed from the constraints of private property– is the first step in establishing the material foundations of a new society. Social relations would then be transformed through the expansion of production, driven by technological progress. Within this framework, large-scale production in technologically advanced factories is seen as the key to emancipation. Peasants would be displaced to make way for extensive and intensive agriculture. Women, burdened by domestic labor, would be liberated. Artisans and small producers, lacking access to modern technology, would be absorbed into industrial production. The expansion of large-scale factory



production is thus envisioned as the force that would eradicate all forms of oppression. A passage from Lenin (1978: 298) on the emancipation of women illustrates this reductionist approach:

Despite all the laws on female emancipation, women remain domestic slaves. The burden of household chores weighs them down, suffocates them, stifles their development, and demeans them. They are tied to the kitchen and childcare, exhausting themselves in tedious, unproductive, and nerve-racking tasks. True emancipation –true communism– can only begin when the struggle against this small-scale domestic economy is undertaken in full, or more precisely, when it is transformed into a large-scale socialist economy.

[...] Soup kitchens, nurseries, and kindergartens are examples of the initial steps in this transformation –simple, practical solutions without pomp, rhetoric, or ceremony that can truly liberate women and reduce their inequality with men in terms of their role in production and social life. These measures are not innovations; like all the material foundations of socialism, they were created by capitalism.

This idea that capitalism, including monopolies, paved the way for socialism began to fade only in the 1960s. It was from then on, that the limits of the Soviet model became evident, along with the revelation and discrediting of Stalin's crimes at the 20th Congress of the CPSU (1956). But it was especially at the beginning of the Cultural Revolution in China (1966) that the power acquired by the bureaucracy was questioned, widely mobilizing workers and peasants and proposing the development of new social relations.

Confidence in economic growth, as João Bernardo points out, is essentially a bet on the hegemony of managers. If the model for the new society is the capitalist factory system, it is because socialism is being equated with the triumph of managers within capitalism. In this sense, he argues that the Marxism of productive forces –which he calls orthodox Marxism– is incapable of overcoming capitalism, as it cannot transcend the productive forces it has inherited, particularly in terms of labor organization. He defines it as “an ideology of power or, more precisely, one of the ideologies for the reorganization and development of capitalist power” (Bernardo, 2009: 413).

In Marx, and even within Marxism, there exists another current alongside the orthodox one –one that focuses on social relations and exploitation, emphasizing conflict as the key to interpreting reality. While the orthodox current sees



technical-scientific development as the driving force behind societal transitions, this alternative perspective centers on social conflict, class struggle, and disalienation as agents of social transformation.

“Focusing attention on the relations of production,” João Bernardo points out, “means determining, in each case, whether exploitation exists and the forms it takes. This perspective does not equate socialism with organizational and planning systems that prevent workers from controlling the labor process” (Bernardo, 2009: 415). Far beyond the formal ownership of the means of production, it is the discipline, the organization of labor, and decision-making over it that define the nature of the existing regime.

The French economist Bernard Chavance, a specialist in the economies of socialist countries, outlines the characteristics of the Soviet industrial system in the second half of the 20th century. The 50,000 Soviet industrial enterprises “were based on a strict division of labor and a hierarchical structure devoid of formal counterpowers for workers. The separation between manual and intellectual labor, as well as between managerial and executive roles, was deeply entrenched” (Chavance, 1987: 16).

At the head of each enterprise is a director appointed by the ministry to which the production unit reports. He is accountable only to higher authorities, not to the workers. This single-management system, described by Chavance as “factory despotism,” concentrates power in the hands of the director, who is always a member of the *nomenklatura*, a position of responsibility controlled by the Communist Party. Trade unions are limited to promoting productivity and discipline. The organization of labor exhibits “striking analogies with the forms of production management familiar to Western workers and theorized by Fayol, Taylor, or Ford” (Chavance, 1987: 18).

When summarizing the different levels of the factory power hierarchy, Chavance (1987: 38) reflects:

Just as the director simultaneously acts as the entrepreneur, the boss, and, in certain aspects, the representative of the company’s collective interests before the ministry, the minister functions as a “super boss” of the sector. He is the hierarchical authority to which companies are subordinate and the head of the sectoral lobby, competing for the Center’s resources and navigating conflicts with other ministries and state agencies.



In the theoretical field, during the period of the New Economic Policy (NEP), Lenin advocated teaching Taylorism to “increase labor productivity” in his text *The Immediate Tasks of the Soviet Power* (1918). In the same work, he defended replacing collective management in factories with a single director, arguing that large-scale industry – “the basis of socialism”– required “strict and absolute unity of will,” which meant “the submission of the will of thousands of people to that of a single person.” The Bolshevik leader believed that “unreserved submission to a single will is absolutely indispensable for the success of work organized on the model of big mechanical industry” (Lenin, 1976: 476, emphasis in original).

During the Chinese Cultural Revolution, however, things took a different direction –at least for a time. Bettelheim visited China at least four times, spending extended periods in the Shanghai and Beijing regions, where he observed how workers were driving changes in planning tasks and the division of labor in factories. In 1971, he visited several factories to study their planning methods and the transformations in labor organization.

At that time, a struggle emerged against “the dictatorship of central management,” advocating for the decentralization of both management and planning. This movement was driven not only by large enterprises but also by medium and small ones. Among them were the so-called “street factories,” neighborhood-based enterprises with significant female participation (Bettelheim, 1974: 5457). Local authorities played a key role in planning, actively consulting grassroots workers, whose opinions were considered alongside those of experts. As in the Soviet Union, factories were still led by a single director. However, during the Cultural Revolution, “triple union groups” were established –comprising workers, technicians, and party cadres– tasked with overseeing technical transformations, innovations, and regulatory changes in the factories.

Engineers and technicians took part in manual labor, gradually shifting the traditional dominance of the latter over workers. At the same time, educational reforms were introduced to encourage engineers and technicians to emerge from the productive process itself (Bettelheim, 1974: 95). For the author, as well as for the current that focuses on social relations, the division between manual and intellectual labor, as well as between urban and rural life, are fundamental characteristics of a class-divided society. Efforts to overcome these divisions signal that



transformative processes are moving in the right direction, regardless of the specific outcomes achieved at any given moment.

Another contradiction addressed during the Cultural Revolution was the divide between urban and rural areas. From the outset, the revolution promoted the formation of rural communes, followed by the establishment of thousands of small and medium-sized enterprises specializing in various industries, from textiles and fertilizers to electricity and steel. Industry was no longer concentrated in the cities. While, from an economic standpoint, this approach appears to have yielded mediocre or even negative results, from the perspective of developing new social relations, rural industrialization proved successful. Hundreds of thousands of urban youths moved to the countryside after completing their secondary or university education, gaining valuable knowledge from their experience while also contributing their expertise to the peasant population.

We can identify three central aspects of social relations: individual management imposed from above versus collective management from below; the consolidation or attempted overcoming of the divide between manual and intellectual labor; and the deepening or attempted resolution of the divide between urban and rural areas. However, these social relations do not change mechanically through the mere “development of the productive forces,” understood as the unlimited expansion of the economy, but rather through conflict and social struggle. As Bettelheim notes, “even when the political domination of the bourgeoisie has come to an end, capitalist relations can continue to reproduce themselves, since their existence is inscribed in a process of production that is not immediately transformed” (Bettelheim, 1974: 110).

These different approaches to socialist construction are reflected in two distinct theoretical frameworks. In the 1960s, Mao Tse-Tung engaged in a polemic against two of Stalin’s works: *Economic Problems of Socialism in the USSR* (1952) and the *Manual of Political Economy* (1954). The differences between these two models, along with Mao’s theoretical contributions –including his willingness to criticize even Lenin– played a prominent role in the Sino-Soviet dispute and the Cultural Revolution.

Faced with the dominance of the productive forces paradigm within the socialist movement, Mao, in his critique of Stalin’s *Economic Problems of Socialism in the USSR*, emphasizes that the Bolshevik leader “only emphasizes technology and cadres” while “ignoring politics and the masses” (Mao, 1976: 3). Later, Mao



highlights that in China, cadres participate in manual labor while workers take part in enterprise management; that party cadres are sent to the countryside and factories “in order to train them”; and that social mobilization is what enables the transformation of habits, customs, bourgeois ideology, and bureaucratic practices.

He criticizes Stalin for focusing solely on the economy, stating that “he sees things but not man” (Mao, 1976: 10). Mao argues that dismantling hierarchies is essential, as he believes they perpetuate capitalism, and he views communes as the foundation of the new society. According to Mao, the Soviets maintain that technique and specialists determine everything, placing their trust in cadres rather than in the masses. Furthermore, while the Soviets consider heavy industry the foundation for societal transformation, Mao contends that a high degree of productive force development is not a prerequisite for changing production relations.

Socialism cannot simply develop what already exists under capitalism, nor is it a natural extension of it. Increased growth and production, even with a broader distribution of goods, lead only to the reproduction of the oppressive society we already know. “Construction without destruction does not exist” (Mao, 1976: 55). In this sense, war, despite all the suffering it brings, has positive aspects, according to the Chinese leader. He argues that a new society is not achieved by merely increasing production within a state-centralized economy but by dismantling existing relations of exploitation and oppression –something that can only be accomplished through social mobilization, whether to transform hierarchical relations in production, the family, or society as a whole.

According to this perspective, property is not the only factor to consider. In the Soviet conception and orthodox Marxism, state ownership of the means of production and economic growth are seen as the two decisive factors for advancing toward a different kind of society –one without exploiters or a bourgeoisie. However, as historical experience demonstrates, social relations also play a crucial role. If they are not transformed, a state-affiliated bourgeoisie can emerge and reproduce itself within the sphere of production through centralized command and control of the labor force.

That is why the management of productive units is a crucial battleground in social struggle. However, collective control from below is not a given –it must be constructed, and this can only be achieved through social conflict, political and ideological dispute, and the development of grassroots initiatives. This is especially



true in sectors of society where there is no historical experience or memory of collective control, such as among the Indigenous peoples of Latin America. In these cases, the challenge lies in fostering a communal tradition rooted in mutual support, the *minga* and the *tequio*¹³ –institutions of great significance but still marginal in the large cities where most of the population is concentrated.

In his critique of Stalin's Manual, Mao synthesizes the political line under analysis:

The problem of managing collective enterprises is also that of human relations within a given system of ownership. In this regard, much can be said. During a given period, transformations in property systems always have a limit. However, in that same period, human relations in production and labor can be continuously modified. Regarding the management of enterprises owned by the people as a whole, we advocate a policy that combines centralized leadership with mass movements, enforces Party leadership, integrates workers and technical personnel, involves cadres in manual labor, continuously revises irrational regulations and systems, and so forth. (Mao, 1974: 106).

This orientation took on significant connotations in the second half of the last century, particularly during the 1960s and 1970s, when trade union struggles in core countries –especially in Great Britain and Italy– advocated for changes in production methods and rhythms. Workers' organizations during this period defended personnel rotation as a means of resisting the monotony and alienation caused by the assembly-line production model. What might seem insignificant at first glance ultimately challenged the technical division of labor, which, in turn, could lead to demands for workers' control over enterprise administration and the broader "contestation of the social division of labor" (Gorz, 1972: 115). This aligns with what Trotskyism defined as "transitional demands," as European revolutionary Marxism theoretically conceived workers' control "as the preparation of situations of 'dual power,' with a view to the total conquest of political power" (Panzieri, 1974: 403).

However, returning to the revolutionary historical narrative, it is clear that the Cultural Revolution did not achieve its objectives. A significant portion of the party and cadres who supported Mao acted despotically, disregarded the will of the population, and even committed crimes. Nevertheless, China's subsequent shift toward capitalism and neoliberalism does not invalidate the extensive debates and social

13. TN: both are community practices of mutual support and solidarity in which members of a community perform collective work not linked to a salary or payment to improve collective living conditions.



mobilization aimed at transforming social relations. Never before had objectives such as reducing the gap between intellectual and manual labor, or between urban and rural areas, been explicitly pursued, nor had collective management models been tested. Likewise, there had been no prior debate on the challenges of management or the issues that persist even after the expropriation of the bourgeoisie and the abolition of private property.

None of these issues are being debated in the processes that claim to be building “21st-century socialism.” The Cultural Revolution, however, shed light on the role of state managers as a new bourgeois class. *Under the guise of revolutionary discourse, new bourgeoisies are emerging in countries with leftist governments* –particularly in Venezuela and Bolivia, but also in other nations with progressive administrations– through their occupation of positions in state institutions, from which they make decisions and establish connections with other managers, whether in state-owned enterprises, private companies, or foreign entities such as those in China.

Among the founders of socialism, there was a tendency toward evolutionism, which in recent years has appeared in a much more simplified form and without counterbalances –namely, the emphasis on class struggle as the central axis of social transformation. In *The Poverty of Philosophy* (1847), Marx famously wrote, “The hand mill gives you society with the feudal lord; the steam mill, society with the industrial capitalist.” Lenin, for his part, coined the well-known phrase equating socialism with “soviets plus electrification.” This tendency to reduce revolution to an economic evolutionism has been further simplified and impoverished in Latin America –almost to the point of ridicule– through two dominant issues in the debate: poverty reduction and the strengthening of state institutions.

In contemporary capitalism, pension fund and investment fund managers hold a special place within the bourgeoisie. However, they differ in that they do not own the means of production and exchange. In some Latin American countries, particularly Brazil, the new state managers appear to be converging with capital-linked managers through pension funds.¹⁴

The 2008 crisis was a clear indicator of this sector’s ties to financial capital. In these companies, “a very small number of owners and business managers control

14. See *Brasil potencia* by Raúl Zibechi, chapter 3.



corporate management, while other increasingly atomized owners lose their influence. Meanwhile, management teams consolidate their power, pursuing their own objectives, such as short-term financial profitability, increasing the company's share price, or expanding its operations" (Ferrer, 2009: 29).

These managers have their own interests, prioritizing quick profits over long-term profitability, which is typically the focus of owners. While this contradiction played a significant role in the 2008 crisis, it was not its root cause.

The underlying issue lies in the privatization of pension funds, a phenomenon that Robin Blackburn refers to as "gray capitalism". This term denotes a new financial complex and a regime of accumulation centered on the growing importance of pension funds (Blackburn, 2005). By 2003, these funds had amassed capital equivalent to 25 percent of global GDP, with trade unions playing a decisive role. Today, it is estimated that pension funds account for 70 percent of global financial capital. In Brazil, they hold capital equivalent to 18 percent of the country's GDP. However, the central issue remains the unions' decisive role in managing these funds, to the extent that João Bernardo describes this phenomenon as "union capitalism" (Bernardo and Pereira, 2008). Later, we will examine some aspects of this reality, which has led top union leaders to adopt a logic strikingly similar to that of multinational corporate and banking executives.

These managers have multiplied at an alarming rate, as capital is no longer concentrated solely in the hands of large families but is instead distributed among a multitude of small investors—primarily workers contributing to pension funds. This dispersion makes direct administration unfeasible, a responsibility that is consequently assumed by professional managers.

When Goldman Sachs managers created financial instruments such as CDOs (Collateralized Debt Obligations),¹⁵ they earned between one and ten million dollars in fees and commissions, enabling the bank to generate extraordinary profits. Between 2006 and 2007, the three top executives of Goldman Sachs received bonuses totalling 52 million dollars (Bulhões, 2012). From 1930 to 1980, the U.S. financial sector's profits accounted for 15 percent of total capital gains. By 2001,

15. CDOs were among the key financial products at the heart of the credit bubble that led to the subprime crisis. These instruments bundle multiple debt issues under a single umbrella but can be sold either in tranches or as a single fixed-income product. During the last financial crisis, investment banks used CDOs to package debt of varying quality—ranging from risk-free mortgages, which secured high credit ratings from rating agencies, to subprime loans with the lowest creditworthiness.



this figure had surged to 50 percent, largely due to the intensive efforts of managers, who increasingly received company shares as part of their compensation.

A study on the salaries of senior executives with more than twelve years of experience in six cities worldwide revealed that a Chief Financial Officer (CFO) in Shanghai earned \$330,000 per year, slightly more than their counterparts in London and New York, the world's leading financial centers. In Brazil, the same executive position earned \$230,000 annually, while accounting managers earned between \$80,000 and \$100,000 (Valor, 2014).

Although they are formally employees, their interests are clearly aligned with capital and opposed to those of workers. Various studies confirm that even during periods of crisis and stock market crashes, managers' incomes continue to rise. "In the case of the current financial system, the biggest winners are the ruling class elite, not the shareholders" (Bulhões, 2012: 106). The division within the ruling class –between owners and managers–may have exacerbated recent economic crises by introducing elements of chaos into the financial system. For this paper, it is particularly relevant to highlight the commonalities between managers embedded in state structures and those working in private enterprises.

Both types of managers have distinct origins but share common traits. State managers wield the power to direct large corporate investments with the backing of public banks, holding a strategic position that allows them to connect with multinational capital and negotiate agreements. Meanwhile, private-sector managers act on behalf of the wealthiest and most powerful one percent, securing key roles in the architecture of global power –particularly in the financial sector, which has amassed the greatest wealth in recent decades.

Both types of managers share a key trait: they are not owners. Those leading state-owned oil companies –currently among the most influential in the world– and state banks wield significant power, making decisions that impact major economies. As historian Fernand Braudel observes, they exhibit the characteristics of capitalist elites: they operate in high circles, handle privileged information that gives them an edge over competitors, and can "distort the game in their favor," manipulating credit and currency markets (Braudel, 1985: 60). At this level, the distinction between state and private-sector managers becomes almost irrelevant, as their behavior is identical, they face the same adversaries, and when crises arise, they can often rely on a degree of state neutrality.



In Latin American progressivist governments, state managers have played a decisive role in repositioning the state within the economy, society, and international relations—an achievement that would not have been possible without their capacity as institutional administrators. The development of strategic plans, massive infrastructure investments, and the restoration of state control over major hydrocarbon companies—such as PDVSA, YPF, YPFB, Petrobras, and Petroecuador (*Spanish acronyms for oil companies in Venezuela, Argentina, Bolivia, Brazil and Ecuador, respectively*)—have all depended on their leadership. At the same time, their control over these spheres of power reinforces their social position.

This is far from trivial, considering that today, state-owned oil companies (NOCs, *National Oil Companies*) control the majority of the world's untapped oil reserves (Viola, 2014: 31). They have moved beyond their historical role in upstream operations—focused on extraction at the source—to actively competing in downstream activities such as refining, transportation, and commercialization, which were traditionally monopolized by Western oil giants (Klare, 2008). In 1998, nine of the world's ten largest oil companies were Western private firms. However, according to a study by the James Baker Institute for Public Policy, today only four or five of the top twenty oil companies still belong to this group, historically known as the “Seven Sisters”—a term coined by Enrico Mattei, former president of *Ente Nazionale Idrocarburi* (ENI), to describe the private corporations that once dominated the global oil industry. The remaining fifteen or sixteen leading oil companies are publicly owned, primarily by oil-producing countries.



CHAPTER II

Elites or New Ruling Classes in the Processes of Change

The emergence of new ruling classes during periods of transformation has been a subject of extensive debate since the 1960s, particularly among leftist thinkers worldwide. These discussions gained momentum following the split within the international communist movement after the rupture between the USSR and China. In Latin America, the Cuban Revolution fostered significant debates, particularly concerning material versus moral incentives, revealing important nuances in how socialism was being constructed in the Soviet Union. Similarly, in Bolivarian Venezuela, discussions centered on workers' control and the role of communes in shaping a new post-capitalist society. From a perspective that prioritizes the transformation of social relations, this paper will briefly examine these three debates, aiming to present the complexities of transition without any claim to exhaustive analysis.

Looking back at history, it is worth revisiting Piotr Kropotkin, who, alongside Mikhail Bakunin, was a central figure in the intellectual rebellion of Russia's *mujiks* against bureaucratic rule. In *The Roots of Bureaucracy*, Isaac (1970: 25) recounts how Kropotkin illustrated the moral decay of the French Revolution, noting that “when Kropotkin wished to show the depth of the moral corruption of the French Revolution, he explained how Robespierre, Danton, the Jacobins, and the Hebertists went from revolutionaries to statesmen.” For this Russian anarcho-communist, the forces that ultimately corrupted the revolution were bureaucracy and the State.

Kropotkin's reference highlights a fundamental reality: while bureaucracies have existed throughout human history, their strength is a reflection of society's fragility –specifically, the separation between the masses and a managerial, controlling apparatus that elevates itself above them. However, it was in the aftermath



of the bourgeois revolution that a new bureaucracy emerged, one specifically adapted to the needs of capitalism.

In the socialist sphere, despite extensive literature on bureaucracy, many theorists remained overly optimistic. Even Engels, in *Anti-Dühring*, envisioned the eventual dissolution of bureaucracy under socialism: “The proletariat seizes state power and will first transform the means of production into state property. But by doing this, it puts an end to itself as a proletariat and eliminates all class antagonisms” (Engels, 2012: 306). This perspective assumed that once class supremacy was abolished, bureaucracy’s role would be reduced to merely administering things rather than exerting power. The goal was not to eliminate administrative functions altogether –something Deutscher (1970) deemed impractical in an industrial society– but rather to abolish the privileges that could turn bureaucrats into a new ruling class. The Paris Commune attempted to address this by creating a body of elected officials who could be removed at any time by popular demand and ensuring that no official earned more than an ordinary worker.

Years later, Lenin would revive lessons that had been semi-forgotten within Marxism, presenting a vision of the state that diverged from its actual historical development. He famously claimed that under socialism –or even a proletarian dictatorship– administration would become so simplified that “any cook could conduct the affairs of the State” (Deutscher, 1970). This perspective, however, reflects a fundamental underestimation by the founders of the Marxist school regarding the dangers of bureaucracy in post-revolutionary societies. In contrast, anarchist-communist thinkers were far more prescient in warning that all revolutions are ultimately thwarted the moment they fail to dismantle the state. The reasoning is straightforward: if, as Marxist theory asserts, the means of production shift from private to public ownership, the responsibility for managing them inevitably falls to a new group of organizers and administrators –essentially forming a new ruling caste. A survey of historical revolutions demonstrates that bureaucratic dominance has consistently emerged immediately after social and political struggles subside, coinciding with the stagnation of what has traditionally been defined as class struggle.

Leon Trotsky was among the first thinkers to analyze the Soviet bureaucratic system –a bureaucracy that had become the director of the nation’s entire resources, distinctly separated from and placed above society. In *The Revolution Betrayed*



(1936), he sought to understand its nature and development. Alexei Goussev later summarized Trotsky's ideas, quoting the Russian revolutionary as follows:

At the top of the Soviet social pyramid sat the only privileged and dominant class in Soviet society – a group that, in the full sense of the term, did not engage in direct productive labor but instead directed, commanded, dispensed favors, and imposed punishments. This bureaucratic elite remained beyond the control of the masses who produced social goods, ruling over a working class that, in Trotsky's words, was expected to "obey and remain silent." Their living conditions closely resembled those of the bourgeoisie, spanning all levels – from the provincial petty bourgeoisie to the high bourgeoisie of the capital cities. This ruling layer not only held power objectively but also viewed itself as the undisputed master of society, possessing what Trotsky described as "a specific ruling class consciousness." Their dominance was enforced through repression, and their prosperity was built upon "the masked appropriation of the products of other people's labor," thriving in the shadow of the dispossessed majority (Goussev, 1998: 1).

The debate between Paul Sweezy – founder of the theoretical journal *Monthly Review* – and Charles Bettelheim, which began in 1968 shortly after the Soviet invasion of Czechoslovakia and continued into the 1980s in the pages of *Monthly Review*, stands as a prime example of a rigorous, high-level discussion on the subject. This political and theoretical exchange is explored in seven essays compiled in *Some Current Problems of Socialism*, published in 1973. At the core of their critique was the Soviet justification for the invasion: the claim that Czechoslovakia was on the path to restoring capitalism – a position both Sweezy and Bettelheim strongly challenged.

The first text, written by Sweezy shortly after the invasion, takes a distinct stance from the Fourth International. While the Fourth International maintained that capitalism could not be considered restored as long as private property remained abolished – despite also condemning the invasion – Sweezy challenges this perspective. He argues that "juridical concepts and the real relations of production are confused" (Sweezy and Bettelheim, 1973: 3). His analysis marks an important shift by distinguishing between legal ownership and actual social relations, suggesting that capitalism can persist even under state ownership.

However, Sweezy argued that the tendency toward capitalism in socialist countries stemmed from three key factors: enterprise management being controlled internally, coordination between productive units occurring through the market,



and the reliance on material incentives. In highlighting the contradiction between planning and the market, he concluded that the “liberalizing reforms” implemented –such as prioritizing profit and efficiency in enterprises– were steering the system toward “market socialism,” a concept he firmly rejected.

In his initial response, Bettelheim –aligned with the theses of the Chinese Cultural Revolution– emphasized that “the decisive factor, that is to say, the dominant one, is not of an economic nature, but political” (Sweezy and Bettelheim, 1973: 22). He argued that in countries allied with the USSR, the proletariat had “lost political power to the benefit of a new bourgeoisie.” This marked a key divergence, as Bettelheim contended that what defines socialism, in contrast to capitalism, is not the absence of market relations, money, or prices, but rather the political domination of the proletariat.

Two central theses from that period stand out. The first argues that the key issue is who holds power, how they govern, and whether authority is concentrated in a leading group that places itself above the people. The second focuses on whether socialism is defined by a specific juridical form of property –whether state-owned or collectively owned by “all the people.” Notably, the idea that transformation is not solely a matter of property relations is gaining traction. While property ownership remains crucial, it is not the only factor in building a new world.

In subsequent works, both authors refine their arguments and introduce new insights into the debate. Sweezy, for instance, challenges the notion that a ruling class suddenly emerged in the Soviet Union after Stalin’s death. Instead, he argues that the expansion of the market and the rise of a new bourgeoisie are linked in a “dialectical relationship of reciprocal interaction.” However, he maintains that for this new bourgeoisie to fully materialize, it must eventually legitimize itself through private ownership of enterprises.

Building on the debate, Bettelheim asserts that “the advance towards socialism is nothing more than the growing domination by the immediate producers over their conditions of existence and, consequently and in the first place, over their means of production and their products” (Sweezy and Bettelheim, 1973: 54). He argues that if these relations of production are controlled by anyone other than the producers themselves in a collective form, then those in control effectively constitute the ruling class. In his view, the emphasis on central planning is merely an ideological construct that conceals the actual social relations at play. Put in more



classical terms, this debate reflects a fundamental opposition: the centrality of economic contradictions (economism) versus the primacy of class struggle, which manifests in the fight over control of the relations of production.

It is essential to define what is meant by social or production relations –or, in this context, “the domination by producers over the conditions and results of their activity” (Sweezy and Bettelheim, 1973: 54)– within a post-capitalist society. Two key questions emerge from this discussion. The first, raised by Bettelheim, concerns the role of the state in shaping social relations. If political and social domination is exercised through the state, then these remain fundamentally bourgeois relations. As he argues, “the separation between the apparatus of the State and the masses is the essential feature of the bourgeois State” (Sweezy and Bettelheim, 1973: 71). Conversely, structures such as the Paris Commune, the soviets, or revolutionary committees –where power is directly exercised by the workers– do not function as a state in the traditional sense. Instead, they are subordinated to and controlled by the population, embodying the principle of *Mandar Obedeciendo* (leading by obeying), which, according to Marx, signals a state in the process of withering away. However, if the state apparatus remains above the people, imposing control rather than being controlled, then those who administer it effectively constitute a new bourgeoisie.

The second question, which gradually unfolds throughout the debate, focuses on the ways in which a new state bourgeoisie can emerge within a post-revolutionary regime. If power is the central issue, then it becomes essential to define the characteristics that distinguish a truly revolutionary power:

- a power capable of establishing conditions that enable direct producers to collectively control and manage their means of production and living conditions, built upon the prior expropriation of the bourgeoisie and an overarching plan collectively agreed upon.
- The dissolution of the state apparatus, ensuring that emerging powers remain controlled and subordinated to the working class (“to command by obeying”). This would allow workers to regulate the use of surplus labor and its products, eliminating any separation between direct producers and their means of production.
- If direct producers do not control the product of their labor and the means of production, then others will take control, positioning themselves as a ruling power –or, if you prefer, a new ruling class or bourgeoisie.



- Control of the means of production cannot be imposed from the top down; rather, it must emerge through the transformation of social relations alongside those who participate in this process. True control requires breaking down the inherited division of labor so that “the separation between manual and intellectual labor, as well as the distinction between execution and management tasks, is progressively abolished. Consequently, the role of technicians placed above workers must also be reduced and eventually eliminated” (Sweezy and Bettelheim, 1973: 108). These divisions and contradictions create specific forms of representation, one of which is the value form, which enables a minority of non-producers to exploit the majority of producers and seize power. Thus, when discussing the formation of a new bourgeoisie, formal or legal ownership is not the only factor to consider –control and management over the means of production play an increasingly decisive role.
- Transforming society in an emancipatory sense requires a fundamental shift in the role of leadership. “A leading party can *only* be proletarian if it does not seek to *lead* the masses but instead remains an *instrument of their initiatives*” (Sweezy and Bettelheim, 1973: 101, emphasis in original). This is a powerful statement. They further argue that the party must “*help the masses realize themselves (...) without ever resorting to coercion*” (pp. 101-2). As César Enrique Pineda put it: “We do not seek to govern others; we aspire for people to govern themselves.”¹⁶
- Contributing to this type of transformation requires more than simply controlling the state apparatus. “Revolutionary” discourse can often be misleading; while private property may be abolished, social relations cannot be erased by decree. They can only be transformed through a long process of experimentation and mobilization, free from coercion.

A decade later, Sweezy and Bettelheim found common ground on at least three points: first, that the twentieth-century revolutions brought highly organized revolutionary parties to power, which governed in the name of the workers; second, that once in power, these parties eliminated democratic rights and banned independent organizations; and third, that the real beneficiary of these systems was a ruling class that controlled the state apparatus and collectively appropriated the

16. Sociologist and activist of Jóvenes en Resistencia Alternativa (JRA), Mexico.



labor of the direct producers. They ultimately concluded that no revolution had abolished the wage system, meaning these societies could still be considered capitalist (Bettelheim, 1987: 69).

In reference to this, Spanish communist militant Grandizo Munis, discussing the Soviet process, asserted that “the technical and political bureaucracy, driven by its own interests, seeks to expand state control in economic planning, ultimately becoming embedded with these structures and acquiring the characteristics of a class” (Munis, 1999: 44).

As evident, this type of debate has been largely absent –not only in revolutions inspired by the Soviet model but also in more recent processes of change. It has also been a rarity within social movements. Only a few experiences –such as Zapatismo, Cecosesola in Venezuela, certain landless settlements in Brazil, and some Mapuche communities– actively work to overcome the bourgeois division of labor and establish producers’ control over their means and conditions of reproduction.

Cuba presents a markedly different case. From the outset, the revolution took an original path, fostering solidarity among militants and cadres who participated in sugarcane harvests or supported revolutionary causes abroad. The significance of voluntary work cannot be overlooked, as it reflects the consciousness of a segment of the Cuban people. As Che Guevara (1976: 241) noted, its importance lies not in economic factors but in “the consciousness acquired through work and the stimulus and example this attitude provides to comrades across different work units.”

This is even more significant because volunteer work involved not only party militants and cadres but also administrative and technical personnel. As Che points out, it fostered horizontal bonds of camaraderie, breaking down the divisions imposed by the capitalist organization of labor. On this point, Che (1976: 334) aligns with the best of critical thought and emancipatory experiences:

Voluntary work then becomes a vehicle of bonding and understanding between our administrative workers and manual workers, to prepare the way towards a new stage of society (...) where classes will not exist and, therefore, there will not be any difference between manual worker or intellectual worker, between worker or farmer.

It would be redundant to highlight the consistency between Che Guevara’s words and actions. The Cuban leadership, at least in the 1960s, actively engaged in



debates on state bureaucratization and the key challenges of post-revolutionary society. Those were luminous years marked by open discussions, with figures like Che, Charles Bettelheim, and Ernest Mandel contributing to dialogues published and debated in Cuba between 1963 and 1964. This book does not aim to reproduce those debates but rather to use them as a lens through which to reflect on contemporary discussions about transitioning to a new world. Doing so reveals how much ground has been lost in terms of rigor and depth, often sacrificed in favor of analyses lacking political and theoretical substance.

Mandel provided a concise synthesis of these debates, identifying four key issues. Two were related to the policies of the revolutionary government: the organization of industrial enterprises and the role of material incentives in building socialism. The other two were theoretical: whether the law of value still operated during the transition and the nature of state-owned means of production –whether they functioned as commodities, social property, or something else (Mandel, 1969: 12). A significant part of the discussion revolved around the persistence of market-based categories in the new society, a notion that Che largely rejected, as he was deeply concerned about its effects on workers' consciousness.

Che defended centralized planning against proponents of financial autonomy for enterprises, who argued that such autonomy would enhance efficiency and profitability. While he did not completely reject material incentives, he believed they could weaken working-class cohesion and promote individual enrichment. He acknowledged that material incentives could not disappear overnight, but he opposed the view that they were the primary driver of economic growth. Instead, he argued that “in a relatively short time, the development of consciousness does more for the development of production than material stimulus” (Guevara, 1969: 46). Regarding enterprise organization, the Cuban process evolved through several stages, each reshaping the role and structure of enterprises.

Broadly speaking, the intense debates of the 1960s and the experiences of 1967–1970 came to an abrupt end with the failure of the 10-million-ton sugar harvest, in which the party and the government had committed the country, even at the cost of disrupting production. From that moment on, Cuba adopted the economic criteria of the Soviet Union. However, before that critical juncture, some truly interesting decisions were made, even if some of them might be considered utopian or even adventurist.



Che and his allies in the government advocated for limiting market relations. One key expression of this was his emphasis on voluntary work. He also rejected the idea of treating state enterprises as commodities and argued that the Cuban economy was regulated not by the law of value but by centralized planning –highlighting the contradiction between plan and market (Guevara, 1969). In this view, enterprises should not have autonomy, as that would foster market dynamics. At its core, this was a deeply political debate framed in economic terms, focusing on education, the “elimination of the flaws of the old society,” and the advancement of workers’ consciousness (Habel, 1989: 106).

However, the offensive against these “flaws” led, in the view of many analysts –and later, the Cuban leadership itself– to the adoption of illusory measures that inevitably failed. These included the suppression of bonuses and overtime pay, the complete elimination of rents (which had initially been reduced to 10% of tenants’ salaries), and the provision of free telephone and other services. Financial accounting and profitability calculations for enterprises were also abandoned, effectively removing any mechanism to assess whether workers, employees, and managers were performing efficiently, whether production costs were high or low, and whether it was more viable to produce a good domestically or import it (Recarte, 1980: 51). Wages became entirely disconnected from performance standards, and in 1966, trade unions and mass organizations –except for the Committees for the Defense of the Revolution– were dissolved. As part of the offensive against market relations, thousands of stores, warehouses, and workshops were shut down, forcing artisans and merchants into the ranks of the proletariat. In Havana alone, 13,000 private establishments were nationalized (around 55,000 across the country). By 1968, the private sector had ceased to exist, and half a million residents of the capital were preparing to move to the countryside to participate in the harvest.

However, Che’s proposals –expressed in both his rejection of mercantile categories and his opposition to bureaucracy– revealed a deep concern about the possible emergence of a privileged class of technocrats and bureaucrats. This fear stemmed from his experiences during visits to Poland, Czechoslovakia, and the German Democratic Republic, where he observed that “the Soviet man [*was*] very similar to the Yankee,” as both were driven to produce more in order to earn more (Recarte, 1980: 53).



The failure of the 10-million-ton harvest in 1970 led to enormous social and economic tensions, as well as severe disruptions in production, since entire sectors had been neglected to prioritize this objective. At that time, a significant shift toward the Soviet Union took place, bringing long-term consequences for the revolution. A New Economic Policy was introduced: wages were tied to productivity, the policy of free services was scaled back, pensions and retirement benefits were reduced, and certain prices were raised. Additionally, accounting and financial controls over enterprises were reinstated, improving statistical reporting, while the state budget system was also restored.

In 1975, the first congress of the Communist Party of Cuba (PCC, *by its acronym in Spanish*) formalized the shift: “The system of economic management must be based on the objective economic laws that operate during the stage of socialist construction, and within these, consider the validity of the law of value and the existing monetary-mercantile relations” (Recarte, 1980: 65). From that point onward, enterprises would engage in mercantile relations, be led by a director appointed by the higher authority, and be advised by a board of directors that included union representation. Additionally, voluntary work was now regulated by law. A compulsory labor law had already been enacted in 1971.

Although the significant reduction of social inequalities benefited the poorest, and full employment, along with free access to services such as healthcare, housing, and education, was maintained, the number of bureaucrats increased two and a half times between 1973 and 1984. Over a decade, the number of administrative employees rose from 90,000 to 248,000, while managerial personnel grew from 180,000 to 250,000 –distortions that had repercussions on both production and society (Habel, 1994: 89). In some enterprises, half of the employees were workers, while the other half consisted of administrative and technical staff. This was a direct result of the widening salary gap in favor of the most highly qualified personnel, a position many aspired to occupy, even without merit or adequate preparation. At the same time, absenteeism increased, labor productivity declined, and the black market expanded –trends common to all socialist countries.

The pendulum of history led the revolution from egalitarian experiments to the establishment of hierarchies, with high-ranking party and state officials at the top, enjoying privileges inaccessible to the majority of the population. From the perspective of social relations, it can be concluded that the division of labor



was reinforced, inequalities increased, and workers' counter-power diminished. In 1965, workers' councils were established in enterprises to address disciplinary issues and oversee labor legislation. However, their influence was gradually curtailed while the disciplinary powers of administrators were strengthened. That said, by 1977, most workers in large enterprises still participated in monthly production assemblies (Habel, 1994: 146-149).

In Cuba, as in other countries aligned with the Soviet Union, it is striking that no debate has taken place regarding the class nature of power. This is particularly surprising because, unlike in other socialist countries, Cuba has not entirely restricted the expression of opinions and dissent. However, there has never been a discussion on whether the state bureaucracy –whose existence is undisputed– constitutes a class or the embryo of an oppressive class. Soviet ideology consistently dismissed this possibility, ensuring that social mobilizations and criticisms within the post-revolutionary regime were always equated with the enemies of the revolution and imperialism. This contrasts with the experience of the Chinese communists during the Cultural Revolution, where class enemies and competing social forces were acknowledged as part of the transition process.

The Cuban revolution has played a crucial role in Latin America, contributing more than any other process to the empowerment and self-esteem of organized popular sectors. It demonstrated that defeating local oligarchies and successfully resisting imperialism is possible. It also proved that, whether right or wrong, even small countries can make independent decisions, free from the influence of global powers. However, it also sowed a problematic legacy: the denial of contradictions within the new regime often leads to accusations that dissenters are serving the interests of the enemy. In this regard, one of the worst traditions of the international communist movement is revived –the same tradition that allowed Stalin to consolidate absolute power by branding all dissenters as enemy agents. These differences were often resolved through long sentences in forced labor camps (gulags) or executions, a practice that, fortunately, has been rare in Cuba.

Venezuela is home to some of the most notable experiences of self-management and self-organization in Latin America. The Bolivarian government has not only refrained from restricting these initiatives but has often encouraged and supported



those that have emerged spontaneously among popular sectors, in urban neighborhoods, as well as in factories and rural areas. In other cases, popular organizations have been initiated by the State and government efforts. Finally, a third group of initiatives, such as Cecosesola,¹⁷, have been established and sustained independently, although this remains a minority.

Cecosesola is a network of 50 communities in the state of Lara, with nearly half a century of existence. It encompasses agricultural production, agro-industries, health services, savings and loans, funeral services, transportation, and the distribution of food and household items. The network has more than 20,000 associates and 1,300 worker-members who receive equal remuneration. It operates without a fixed structure or formal management, relying instead on over 300 annual and weekly meetings, as well as shared experiences and gatherings for coexistence and solidarity (Cecosesola, 2009).

We are looking at a collective with no hierarchies, defined as an “organization in movement,” where decision-making takes place in a series of open meetings without a fixed agenda. These meetings serve as spaces for discussion without prior structuring and emerge or dissolve according to the needs of each situation. The collective operates independently of the State and local or national governments. Everything it has accomplished, including the construction of the community health center, is the result of collective work and the individual contributions of its associates and workers.

Cecosesola is a genuinely autonomous organization whose members work toward both individual and collective emancipation. It is an exceptional organization in Venezuela, sharing a similar character –though distinct in form– with Zapatismo and the Brazilian Landless Movement.

In Venezuela, the most significant social organizations are territorial in nature, rooted in neighborhoods on the urban peripheries, such as the hills of Caracas. These areas have been a source of great collective creativity since the *Caracazo* of 1989, a popular uprising against the neoliberal adjustment policies of Carlos Andrés Pérez’s government. In other words, in Venezuela, neighborhoods have been –and seemingly continue to be– spaces of transformation, “built and redefined by their inhabitants as places of life, culture, solidarity, resistance, and alternatives” (Martínez, 2013: 261).

17. See “Cecosesola: el mundo nuevo desde lo comunitario” in Raúl Zibechi, *Descolonizar el pensamiento crítico y las prácticas emancipatorias*, Desde Abajo, Bogotá, 2015.



Among the first government-led initiatives that resulted in the formation of social organizations “from above,” the Technical Water Committees and the Urban Land Committees (CTU, *by its acronym in Spanish*), created during the early years of Hugo Chávez’s government following the failed coup attempt in 2002, stand out. While some of these organizations remained tied to state institutions, others – such as the CTU– developed independently and organized alongside other grassroots initiatives, leading to the formation of the *Movimiento de Pobladores y Pobladoras* (*Movement of Residents*). Although this movement maintains close ties with the government and receives material support from the state, it also engages in disputes with institutions as part of its long-term project to build communities and transform neighborhoods by democratizing the city.

The case of the Communal Councils warrants special attention. Before their emergence, Local Public Planning Councils had been established, but after several years of operation, they failed for three main reasons: (a) “The influence of institutional representatives outweighed that of popular delegates, even though the latter were formally in the majority;” (b) they were unable to create an organization “at a higher level” due to the absence of “a grassroots community structure;” (c) the areas they covered were too large “to allow for direct popular participation” (Azzellini, 2015: 145)

The conclusions appear to be accurate, as the issues mentioned by Azzellini are common among organizations in the urban peripheries across the continent. As a result of this learning process, the Communal Councils emerged, and by 2009, they had already expanded to more than 30,000 local entities. In 2007, Chávez stated that these councils “were born at the local level but must transcend the local (...) Communal Councils are instruments or tools of constituent popular power” and that “they must confederate or federate to encompass a much larger space” (Azzellini, 2015: 155). The proposal was for them to be structured at the national level through a confederation.

It is evident that this proposal did not originate from the councils themselves, and it remains unclear whether their members felt the need for such an organization. Political scientist Dario Azzellini (2015: 156) emphasizes that although the councils emerged from the grassroots, “their prominent role and exponential growth are due to their massive support and dissemination by the State.” The decision to transform them into a national organization implied their



institutionalization through legal regulations. The law that established them defines their internal structure and “their relationship with State bodies for the formulation, execution, control, and evaluation of public policies.” Their primary function is “the management of public policies and projects aimed at responding to the needs and aspirations of communities in the construction of a society of equity and social justice” (LCC, 2006).

Several analysts argue that “the communities have appropriated the figure of the communal councils” (Azzellini, 2016: 120), transforming them into organs of popular power. However, we believe it is still too early to draw definitive conclusions. Since they administer state policies, they lack economic and financial autonomy, as their resources come from the state or state institutions. This dependence limits their autonomy. There is a fundamental difference between being organs of management and participation and being true organs of power. Nevertheless, it is possible that they may evolve in a direction different from that established by the law that created them.

In any case, it is important to highlight the difference between organizations like the Communal Councils, created from above, and Cecosesola, particularly in terms of their complete autonomy –ranging from economic independence to self-governance. The network of communities and cooperatives functions as an economic, political, social, and cultural entity, capable of self-management and self-sufficiency, and in fact, supplies between 30% and 40% of Barquisimeto’s food. Unlike the Communal Councils, which are envisioned as the model of power for the entire country, Cecosesola does not aspire to be a universal alternative for all Venezuelans.

This is a key distinction between the various organizations. The *first* and most important is complete autonomy. The *second* is their relationship with the State. The *third* is the tendency of revolutionary parties and militants to seek a single alternative or policy to be followed by all. When an advanced experience emerges, the objective is often to generalize it, even at the risk of draining its vitality or institutionalizing it. The need to accumulate power is one thing; the needs and creations that arise from below are another.

There are also critical perspectives on the councils, such as that of Edgardo Lander (2015), who argues that the government and society’s push has “generated varied and diverse experiences, some of great richness, but at the same time



entangled in the contradiction of relying on public resources and being subjected to a Leninist logic, a caricature of which are the *rojos rojitos*¹⁸ communal councils.”

The impression after 15 years of the Bolivarian process is that society has fostered conditions that have given rise to significant initiatives. These include not only Cecosesola but also *Tiuna El Fuerte* [*Tiuna El Fuerte Culture Park*] in Caracas, the National Network of *Trueke* [*community exchange/barter*] Systems, groups such as the Revolutionary Movement of Urban Cycling, as well as various communication initiatives, territorial organizations, feminist and indigenous movements, and many lesser-known local projects (Zibechi, 2013). There are hundreds, perhaps thousands, of seeds that emerged during a period of intense social activity, demonstrating extraordinary potential, which has allowed them to endure over time.

This rich movement is being absorbed by the Bolivarian policy of appropriating and co-opting grassroots initiatives, institutionalizing collective creativity to sustain the process, the government, and the State. The absorption of society’s creations tends to weaken these concrete initiatives while simultaneously disintegrating the social fabric that made them possible. Once institutionalized, groups begin to partake in the culture of oil rent, a pattern that has intensified under the Bolivarian process. Organizations that once embodied new emancipatory social relations gradually become mere reproductions of the old order to which they are subordinated.

Since the Russian Revolution of 1917, a century of triumphant revolutionary experiences has unfolded. This span of time provides a sufficient basis for drawing conclusions or advancing reflections on the limits and challenges these movements have faced –experiences that, collectively, have shaped a significant portion of humanity. Some of these issues have sparked debate among intellectuals and activists, while others remain more contentious and are specific to the Latin American context.

The *first* issue is that the organized forces capable of overthrowing the old regime are often ill-equipped to build a new society. Triumphant revolutionary forces tend to be hierarchical organizations, predominantly led by white, educated men. While these structures may be effective in confronting and militarily defeating reactionary

18. A local expression meaning communal councils that are fiercely loyal to the government.



forces, they are fundamentally unsuited to fostering new forms of social relations, as the two logics are inherently opposed.

The unification of anti-systemic forces, essential for combat, becomes an obstacle during the process of transformation. The command-obedience dynamic, commanding by commanding in Zapatista language, must give way to commanding by obeying the people, a principle that clashes with the ingrained culture of revolutionary groups. Only a strong ethical foundation can alter this deeply rooted approach, which in our context manifests in various forms, ranging from *caudillismo*¹⁹ or the cult of personality to the delegation of power to bosses, leaders, or state institutions, often in combination.

The *second* issue concerns the risks of merging the party with the State, as this leads to the formation of a “revolutionary oligarchic system” that is extremely difficult to dismantle (Del Río, 1981: 162). This is often the first step toward the crystallization of a new ruling class—one that emerges from controlling state power and imposes itself on society. Prolonged control of the state apparatus allows a small group of individuals to dominate the means of production through their management. While these means may formally belong to the State, in practice, they are administered by a select group that makes key decisions and directly benefits from this control.

The *third* issue concerns the difficulty of developing the power of producers—working men and women—outside the State. Revolutions typically rely, in their early stages, on mass organizations that emerge from the grassroots (soviets, communes, committees for the defense of the revolution). These organizations enjoy great legitimacy and engage a segment of the population. They are usually enthusiastic supporters of the process of change and often identify with the revolutionary leadership.

Once the most critical moments of the conflict have passed, these organizations tend to weaken as militants abandon them, and over time, they wither away. However, rather than encouraging and revitalizing them, the revolutionary leadership typically subordinates them to the broader project of strengthening the State—a goal common to all triumphant revolutions. Both processes—the natural

19. TN: Caudillismo is a complex and multifaceted phenomenon in the history of Latin America. It refers to the leadership of charismatic figures who, often linked to social movements, exercised considerable power during the 20th century, influencing the social and political organization of the region in different ways.



internal attrition of any social organization and the deliberate weakening by State power—ultimately erode their role, turning them into lifeless institutions incapable of mobilizing the population. Often, they are repurposed as mechanisms for controlling the very people who originally created them.

There are very few self-government experiences that have surpassed the threshold of decline and resisted state cooptation. The *Good Government Councils* promoted by the Zapatistas hold a prominent place in the history of grassroots self-governance. So far, they have neither become bureaucratized nor succumbed to the State or revolutionary power. Their resilience may be explained by the fact that they are rooted in a practice that does not seek to seize the state apparatus but instead fosters the self-government of the people by reclaiming indigenous traditions. Unlike other cases, an autonomous group separate from the communities has not emerged, as the principles of rotation and collective participation in governance remain intact. In the *Good Government Councils*, it is the people themselves who organize as a power.

The *fourth* issue concerns the images or metaphors we use to envision the end of capitalism and the transition to a new world. Rosa Luxemburg (1967: 98), like other early twentieth-century revolutionaries, embraced the theory of systemic collapse, even asserting that “it is the marrow of scientific socialism,” since “without collapse, the capitalist class cannot be expropriated.”

Sociologist Immanuel Wallerstein (1998: 106), for his part, argues that systemic collapse presents an opportunity to break the cycle of exploitation, emphasizing that “revolutions can even be revolutionary to the extent that they promote such a collapse”. He reaches this conclusion based on historical experience, asserting that a controlled and organized transition tends to perpetuate exploitation, as it remains under the direction and control of a specific group. In revolutionary thought, collapse is envisioned as a moment of rupture, in which the emergence of organized popular sectors can alter the course of history, end class domination, and open the way for the construction of a new world.

For some time, Zapatismo has been engaging with the hypothesis of collapse and proposed a debate on this topic during the 2015 meeting in Chiapas, *Critical Thinking in the Face of the Capitalist Hydra*. This debate is relatively new within anti-systemic movements, yet it offers a promising alternative to the prevailing



belief among most social movements that parties in government will lead society toward a new world.

The idea of collapse has a long tradition in the socialist movement. In recent years, it has regained prominence amid the crisis of the concept of unlimited development and the ongoing environmental crisis. It is evident that if capitalism does not collapse, overcoming it will be extremely difficult. However, collapse alone does not guarantee that the society emerging from its ashes will be better than the present one. A growing perspective among social organizations and activists views existing initiatives as potential starting points for reorganizing society toward greater democracy and social justice. In this sense, all collective creations –from organic vegetable gardens to recovered factories, from liberatory education to holistic healthcare– should be understood as social relations that diverge from the hegemonic order. These small, alternative worlds may serve as sources of inspiration when humanity seeks to rebuild itself after collapse.

The *fifth* and final issue is of enormous magnitude: the idea of governing and directing an entire society, implementing a change that encompasses all its inhabitants, inherently carries a totalitarian inclination. Governing millions of people inevitably involves a degree of oppression, whether intentional or not –something that contradicts the emancipatory spirit.

The challenge is how to pursue the broadest possible social change without adopting the Enlightenment-inspired, elitist notion of bringing “goodness and light” to everyone. Instead, the goal is to explore a different path –one that involves the self-limitation of revolutionaries, who must refrain from doing everything they are capable of, not only for environmental reasons (Capella, 2007). Self-limitation, alongside self-institution, is one of the fundamental qualities of emancipation (Castoriadis, 1995). If capitalism can be understood as the boundless expansion of human potential without regard for consequences, then the ability to limit ourselves –primarily for ethical reasons– can be seen as a way to curb the irrational impulses that ultimately lead to self-destruction and barbarism.



CHAPTER III

New Elites Under Progressivism

In progressivist thought, the state and capitalism tend to be seen as opposites. Fernand Braudel, on the contrary, argues that capitalism cannot triumph without the support of the state. “Capitalism triumphs only when it identifies itself with the state, when it is the state” (Braudel, 1985: 68). The fusion of the state and capital has demonstrated extraordinary potency. Wallerstein adds that “the state is an element that is part of the functioning of the capitalist system,” particularly in its monopolistic-imperialist phase (Wallerstein, 1998: 225).

The control of the state apparatus was key to the formation of Latin American bourgeoisies, which emerged through the exercise of violence against local representatives of European monarchies and, subsequently, through the expropriation of land from Indigenous and Black peoples, peasants, and other historically rooted communities. The alliance with nation-states and the control of their military and police apparatuses to safeguard their interests enabled the bourgeois-landlord class to appropriate the land and common goods of these populations.

When two powerful groups confront each other on the national stage, as occurred during the independence movements and when the crisis of the oligarchies was unfolding (that is, during the two hegemonic transitions –from Spain and Portugal to England, and later from England to the United States), the construction of strong states is often the most effective means of resolving the conflict in favor of the emerging group (Wallerstein, 1998). In this third transition, from U.S. domination to a future and still uncertain Chinese hegemony, a similar pattern appears to be emerging: progressivist governments have prioritized strengthening state apparatuses as a strategy to tilt the balance in their favor in the struggle against the United States, financial capital, and large multinational corporations. The success or failure of this endeavor will shape the future of this political current.



Among the emerging groups under progressivist governments, we will focus on the cases of a newly formed elite, in Brazil, originating from large state-owned enterprises, and in Bolivia from the mining cooperativists. Although it is still too early to assess the impact of these emerging social groups on each country and on the region as a whole, it is important to introduce some analytical elements that may help elucidate the logic of the ongoing political conflicts. This entails gathering still fragmented data and, above all, looking beyond appearances and discourses on socialism and the reduction of inequalities, to examine the stark reality, which suggests that the poor are being mobilized to confront an opposing faction of the bourgeois class.

The immediate background

The severe crisis that Latin America experienced in the 1980s, unlike the Great Depression of the 1930s, was primarily a crisis of the state. This situation, combined with the exhaustion of the national developmentalist process, which had persisted with varying intensity between 1930 and 1970, led to a significant accumulation of public debt. Between 1970 and 1978, the total outstanding debt in Latin America grew at an annual rate of 24%, tripling in the following years until 1982 (Bresser, 1998: 105). This resulted in an unprecedented foreign debt crisis which, along with the collapse of the import substitution strategy and the “privatization of the state” process –driven by political and bureaucratic elites engaging in rent-seeking activities– effectively set the stage for neoliberal globalization to dismantle that model (Bresser, 1998: 106).

In the 1970s, the international financial markets underwent multiple transformations that resulted in a significant increase in the availability of credit for peripheral economies. The complicity between financial agents and dominant groups in Latin America facilitated the creation of “consumption or speculation bubbles based on public or private indebtedness,” ultimately leading to the crisis (Sevares, 2007: 188)

A report by the prestigious French think tank Centre d’Études Prospectives et d’Informations Internationales (CEPII, *by its French acronym*) stated in December 1991:

As a tangible counterpart to the “orgy of credit” that emerged from competition among banks during the 1970s, numerous unviable investment programs proliferated (...). The list of more or less sizable “white elephants” is extensive, and they were the result of either the conjunction or collusion between the short-term



banking or commercial interests of creditor countries and the private and political interests of debtor countries (CEPII, 1992: 289).

Unlike the crisis of the 1930s, when five countries –Brazil, Colombia, Chile, Mexico, and Peru– completely repudiated their debts and Argentina implemented a partial cancellation of its own (Felix, 1987: 3-46), Latin American governments in this case resigned themselves –following the Mexican crisis of 1982– to negotiating separately with their respective foreign private creditors, under the patronage of the United States. According to ECLAC, the net transfer of Latin American capital to the Global North between 1983 and 1991 exceeded 200 billion dollars, while debt service payments between 1982 and 2000 amounted to 1.452 trillion dollars –more than four times the total debt stock accumulated at the beginning of that period (Toussaint, 1989: 4).

Until the 1970s, the Fordist welfare state model had been widely accepted. This model was characterized by its tendency to institutionalize class conflicts under state control, incorporating the working class as a driver of capitalist development through a strategy of market expansion. However, it was during the crisis –when the slowdown in growth exacerbated the financial strain on the protective state– that the neoliberal theories of the Chicago School were implemented in the region, leading to reductions in public spending and a decline in state intervention in the markets. It is no coincidence, then, that the break in Latin America's growth cycle roughly coincides with the global crisis of Fordism, as well as with efforts to revitalize core economies through the integration of developing countries' markets.

In this way, neoliberalism –with historical origins in the economic philosophy developed by a group of conservative European ideologues who in the 1930s, sought to rescue and redefine classical liberalism– was implemented in Latin America. Its main proponent was the IMF, which, through its “recommendations,” promoted the reduction of state funding for anything unrelated to the reproduction of capital, particularly social expenditures (Torres, 2001). In practice, this entailed an aggressive offensive by capital against labor, aimed at restoring a significantly diminished rate of profit.

The structural adjustment plans encompassed classic neoliberal measures, including extensive privatization of goods, services, and national resources; price liberalization for goods and services; deregulation of wage-setting mechanisms based on labor market liberalization and flexibilization; and the liberalization



of financial markets, which led to rising interest rates and the prioritization of exchange rate liberalization. Additionally, in the case of Latin America, other measures were implemented, such as reducing the fiscal deficit through downsizing the state bureaucracy; increasing the prices of previously subsidized goods (including basic products and staple food items); wage freezes; interest rate hikes to stimulate savings; currency devaluations; and the introduction of protections for foreign capital to incentivize investment in the region.

All of this unfolded in two distinct stages. In the 1980s, the so-called “first-generation reforms” were implemented, primarily guided by anti-inflationary adjustment measures –cutting public spending and raising interest rates. In the 1990s, complementary transformations, conceptualized as “second-generation reforms,” took shape, encompassing trade liberalization, privatization, and labor market flexibilization under the framework of the “Washington Consensus.”

The implementation of these measures produced several consequences, among which the reduction of popular incomes stands out. This, in turn, had a significant impact on the population’s purchasing power and exacerbated various forms of capital overaccumulation (Katz, 2014). All of this occurred in underdeveloped countries, where the effects of unequal exchange and insufficient technological progress –whose benefits are retained by the countries of the “center”– continue to keep peripheral incomes at extremely low levels (Prebisch, 2006).

According to ECLAC data, between 1980 and 2003, open unemployment increased from 7.2% to 11%, while the minimum wage declined by an average of 25% over the same period, and labor informality rose by 10 percentage points (from 36% to 46%). In 2003, the wealthiest 10% of the population held 48% of total income, whereas the poorest 10% had access to only 1.6%.

In the political sphere, neoliberalism was implemented by most of the military dictatorships in the region. In fact, the paradigm had already been established in Pinochet’s Chile under the guidance of Friedrich Hayek –who visited the country in November 1977 and April 1981– and, more prominently, Milton Friedman, who later coined the term “Chilean miracle” to describe the work of his disciples in the Southern Cone. Subsequently, this same neoliberal model was institutionalized by the constitutional governments that succeeded these authoritarian regimes.

The current century has been marked by the crisis of neoliberalism in the subcontinent. The state had been reduced to its minimal expression, rendering it



incapable of planning and prioritizing investments. Similarly, the traditional local industry, developed during the import substitution period, was dismantled, deepening the region's dependence on global *commodity markets*. At the same time, national economies were left increasingly vulnerable to the deregulated flow of external capital.

The crisis of Latin American neoliberalism led to a shift from the doctrines of fiscal orthodoxy and public debt control to a reliance on external borrowing. Meanwhile, the cuts to public spending and the contraction of workers' purchasing power –along with the consequent flexibilization of the labor market– failed to generate significant increases in investment.

In short, neoliberalism –beyond its role as an attack on the working class, the weakening of workers' organizations, and the dismantling of the state– also proved to be a failure “as a project of the national ruling classes to expand their businesses, reinforce their accumulation base, and increase their presence in the world market” (Katz, 2004: 27).

Neoliberalism did not stimulate economic activity or foster economic growth. The benefits it generated for the ruling classes were short-lived, confined to the immediate effects of *shock measures* ruthlessly imposed on workers, which led to a temporary increase in the rate of exploitation. However, these gains were limited, as the contraction of the domestic market and the deterioration of the population's purchasing power hindered the development of sustained accumulation processes.

In parallel, the emergence of social resistance movements –many of which were partially successful and laid the foundations for the current progressivist cycle– was “decisive in setting limits to this offensive of capital” (Katz, 2014). As a result, neoliberal discourse and policies began to be attenuated, begrudgingly acknowledging certain “market failures” and admitting, albeit hypocritically, the need for state intervention in specific areas. In short, the “absolute reign of flexibility” (Bourdieu, 1998) was already showing the first signs of failure.

In fact, by the mid-1990s, the failure of neoliberal policies in Latin America, in terms of practical results, had already become evident. John Williamson, the British economist known for coining the term “Washington Consensus” and, at the time, chief economist of the World Bank (having previously served as an advisor to the IMF), began to warn about the need to address the issues of inequality and income distribution. It was during this period that the World Bank started emphasizing the



importance of public spending on welfare as a means to mitigate the growing rise in poverty.

Thus, the same Bretton Woods institutions that promoted the neoliberal model in Latin America later recognized the need for some degree of institutional strengthening to mitigate the effects of their deregulatory policies. The cynical rationale of neoliberalism's proponents was based on the notion that the explosion of poverty was a necessary price to pay –as Pierre Bourdieu points out, the market leads to the death of some and the success of others– during the so-called “transition period” until the model began to generate employment.

As José Luis Coraggio and Natalia Quiroga (2005: 67) highlight in their work, this institutional strengthening primarily manifested as a deepening of the privatization and commodification of the public sector:

A clear example of this was the increasing commercialization and outsourcing of social policy, with the World Bank promoting the creation of new NGOs capable of implementing public programs in a “decentralized and cost-effective” manner. Additionally, there was a definitive shift toward welfare-based social policies, rather than universal ones, focused on alleviating extreme poverty –particularly through territorially compact approaches– which reflected the already entrenched ghettoization of urban societies. These policies were designed under efficiency criteria that barely concealed the overriding interest in ensuring that our countries continued to service a public debt whose illegitimacy and infeasibility were never considered by the architects of these agendas. They also revealed the underlying vision of those driving these reform processes: the economy was perceived as an autonomous sphere of society, governed by its own immutable rules –those of the free play of market forces, despite their inherent asymmetries and structural lack of opportunities. Social policy was thus intended to mitigate what were considered secondary but inevitable side effects of sound economic management. In this sense, it could be argued that “the best social policy is a good macroeconomic policy.” Which sectors of activity should expand or disappear in each country and region? The market was expected to determine this –just as it was expected to regulate the extent to which human rights were realized for each individual, group, or region.

In short, it is in the peripheral regions where dispossession has historically taken its most brutal form, serving as a condition for ensuring the continued expansion of reproduction in the territories of the core countries (Amin, 1981). Consequently, in Latin America, the neoliberal model was implemented with the aim of establishing a business framework based on efficiency, effectiveness, and quality. At the



same time, it sought to align the interests of national capital with those of transnational or supranational capital (Caicedo, 2014), a process that entailed the hollowing out of the state's roles within the broader context of the exhaustion of the "national-popular statist matrix" (Garretón, 2003).

The "new progressivist political cycle" in Latin America emerged alongside a series of electoral victories across various South American countries, reflecting the widespread aspirations for change within these societies.²⁰

This phase of reforms, which led to a shift in the political cycle in most countries of the region –a situation that did not occur in other peripheral areas of global capitalism– can be attributed to the fact that neoliberalism was widely perceived in Latin America as an act of aggression by most social groups (Houtart, 2009). This perception fostered the emergence of anti-neoliberal resistance movements, culminating in the construction of new forms of social mobilization –an updated version of what Orlando Fals-Borda (2005) referred to as "anti-seigniorial" peasant resistances.

The heterogeneity of progressivist projects established across Latin America, where self-identified leftist organizations rose to power, stems from the diverse political trajectories that led to their electoral victories. The processes in Bolivia and Venezuela differ from those in Brazil and Uruguay, just as the political dynamics in Ecuador and Argentina are distinct from those in Nicaragua.

It is precisely the road map followed –marked by its red lines and concessions– to attain power that constitutes another key difference among them: the presence or absence within their governments of representatives from business sectors, centrist-conservative political factions, and even openly reactionary groups, as seen in the case of Brazil.

However, there is a broad consensus that even includes certain sectors of the conservative political spectrum: the new "post-liberal consensus" establishes that the market alone cannot resolve poverty or economic instability. Consequently, there is general agreement on the need for "more state" (Stolowicz, 2007).

This is where the problem begins, as capitalism in general –and neoliberalism in particular– does not necessarily entail the concept of a "minimal state" but rather

20. This process originated in Venezuela, when in December 1998 Hugo Chávez won the elections for the first time with 60 percent of the votes.



an intense state intervention in favor of capital. Its size –whether large or small– depends on other, more circumstantial considerations. This state model, regardless of its size, plays a fundamentally expropriatory role by facilitating the transfer of social wealth from society as a whole to capital –through privatizations, access to natural resources, regressive fiscal policies, public debt accumulation, and the granting of tax exemptions. Moreover, it establishes a structure of relations between capital and labor that systematically favors the former. At the superstructural level, it articulates the guidelines that render its reproduction politically and ideologically viable.

In this sense, the so-called “return of the state,” along with the accompanying discourse on increased social spending, has emerged as a perverse variant of regional capitalism, camouflaged under a tautological invocation of anti-neoliberal sophistry. This process effectively restores the legitimacy of the capitalist economic system through mere adjustments to the uncontrolled excesses of its neoliberal phase. Beyond the articulation of social policies aligned with classical social protection principles –typically associated with leftist agendas due to their strong impact on popular collective consciousness and their ability to generate significant electoral support– it is not difficult to identify overtly reactionary economic policies within the post-neoliberal agenda of so-called progressivist governments.

It is difficult to deny that in countries where progressivist governments are –or have been– in power, there has been a general improvement in living standards compared to the previous neoliberal period. The explanation is multifaceted and involves a range of factors, from the economic prosperity experienced during the so-called “golden decade of commodities,” which enabled an increase in subsidies and workers’ purchasing power, to policies aimed at combating extreme poverty and expanding social investment in health and education. Additionally, there was a revival of republican practices abandoned under neoliberalism, the institutional recognition of ethnic diversity, certain advancements in gender issues, and a long list of regulatory reforms that cannot be fully addressed here. This combination of factors reinforced, during the years of economic prosperity, the perception of change and helped accumulate electoral support for these governments, particularly among historically marginalized social sectors that now received attention. All of this occurred despite the absence of structural changes, as the scope of intervention remained limited to assistance and targeted policies. This approach allowed these governments to navigate a critical social and political context with relative success.



Beyond this, a leftist project must be oriented toward the radical redistribution of wealth, making social policy the fundamental axis of an economic framework that prioritizes equality. However, this does not mean that social policy should serve as a compensatory mechanism for the effects of an economic policy that operates independently and ultimately generates inequality. Yet, these fundamental distinctions within a leftist project are currently obscured by the fact that social policies improve the income of the poorest and, in the very short term, alter inequality indicators. This phenomenon is leveraged to legitimize the notion of the “really existing left” (Stolowicz, 2007: 363).

Thus, this ambiguous form of post-neoliberalism at the regional level is implemented through two essential strategic components: (a) the dismantling of the neoliberal economic model through policies with a strong symbolic impact on the collective imagination, which enabled a shift in the “rules of the game” within the institutional political sphere. This included the adoption of new constitutions, broad regulatory reforms, and, more specifically, electoral reforms; and (b) the delegitimization of the main political actors of the neoliberal period –the old *partidocracy*– without, however, affecting those truly responsible for the previous crisis; that is, without challenging market agents or the underlying economic matrix of accumulation.

The construction of alternatives was constrained by the fact that these governments upheld their politically radical discourse while simultaneously coexisting with the power of economic elites-banks, major national capital groups, foreign transnationals, and *agribusiness*. As a result, the neoliberal hegemonic crisis gave way to a post-neoliberal model devoid of an anti-capitalist project.

Seventeen years into the progressivist cycle in Latin America, these governments have demonstrated their inability to envision the end of capitalism:

Consequently, concerns about the end of capitalism were abandoned. Instead, efforts were redirected toward developing a *modus vivendi* with capitalism, aimed at minimizing the social costs of capitalist accumulation –an accumulation shaped by the principles of individualism (*versus* community), competition (*versus* reciprocity), and the rate of profit (*versus* complementarity and solidarity). Social democracy, Keynesianism, the welfare state, and the developmental state of the 1960s represent the primary political forms of this *modus vivendi* (De Sousa Santos, 2010: 25).

It is from this perspective, what Boaventura de Sousa Santos (2010: 67) refers to as the “State-illusory-community” is materialized through a set of reforms aimed



at restoring a degree of centrality to the state, while maintaining loyalty to international neoliberal orthodoxy.

The State-illusory-community embodies a national-popular and transclassist political vocation. The notion of “community” lies in the state’s ability to incorporate certain popular demands through financial and symbolic-ideological investments. At the same time, the state’s repressive actions adopt a symbolic-ideological façade under the guise of “citizen security.” The “illusory” nature of this model stems from the class-based logic underlying transclassism. The tasks of accumulation no longer stand in opposition to the tasks of legitimization; instead, they become their mirror image: the state transforms private interests into public policies not because it functions as “the committee of the bourgeoisie,” but because it autonomously upholds the defense of the common good. Moreover, by denouncing the most ostentatious displays of class power –condemning extravagance, excessive bonuses, and privileges– the state renders the very foundations of this power even more invisible and untouchable.

To counteract this reality, progressivist policies should have prioritized –based on the objective and subjective conditions necessary to advance the anti-capitalist struggle– the decommodification and depatriarchalization of society, the construction of multiple and combined forms of popular power, gradual nationalization processes and workers’ management of enterprises, the promotion of a social and solidarity economy, and the empowerment of social organizations in an autonomous manner. Additionally, they should have strengthened the capacity to resist alienation, fostered rural and neighborhood-based community processes, and embraced a wide range of counter-hegemonic policies detached from institutional control over life and political clientelism. As Gilles Deleuze reminds us, the left is not merely an ideology but rather a way of perceiving the world.

Now, the underlying issue arises from the illusion of a neutral and relatively autonomous state acting as a mediator in class conflict. As early as 1878, in *Anti-Dühring*, Engels defined the state as a clearly positioned entity: “The State itself, whatever its form, is essentially a capitalist machine; it is the State of the capitalists, the ideal collective capitalist” (Engels, 2012: 303). Many years later, Toni Negri (2003: 385) revisited this thesis, adapting it to the contemporary period:

To such an extent that the revolutionary analysis of the collective capital state, as well as the development and crisis-planning state, unfolds from a strictly empirical perspective, viewing democracy as a historical residue. Conversely, the contemporary



state is conceived as a machine designed for planning and managing increasing conflictivity, and, above all, for controlling and predicting the political behavior of the masses –who are always presumed to be prone to provocation, as well as to political and/or terrorist preemptive actions against them.

Based on the above guidelines, it is inevitable to affirm that the construction of counter-hegemonies –understood as elements for the development of autonomous political consciousness within various popular classes and sectors– is impossible from within the power of the state. This is because the capitalist brain has become the state itself, whose legitimacy rests on the power of command and the productive rationality inherent in capital development.

But Negri goes further, arguing that the democratic legitimacy of the state became grounded in the capitalist logic of exploitation, situating the concept of freedom within a single possible framework: capitalist development. Marx, in his *Critique of the Gotha Program*, asserted that “as long as capital exists, there will be no freedom.”

In this sense, the development of counter-hegemonic logics in Latin America should involve the construction of a popular consciousness shaped by a multicultural and plurinational framework that challenges the colonial concept of the nation-state. This would require integrating emancipatory perspectives on class, Indigenous peoples and cultures, and gender, aligning with a libertarian vision that promotes equity, alternative socioeconomic “development,” the revitalization of rural spaces, and the protection of the natural environment. From this perspective, the concept of counter-hegemony implies questioning the fundamental components of modernity: the dominance of scientific reason, Enlightenment thought, the notions of development and accumulation, and our relationship of control and domination over nature.

The reproduction of the labor force requires not only the reproduction of its skills but also the reinforcement of its submission to the dominant ideology –specifically, the acceptance of the established order. Thus, the state employs two mechanisms of social control: ideological apparatuses (religious, educational, legal, familial, trade union, political, media, and cultural) alongside repressive mechanisms. In this sense, each social group is instilled with the ideology that aligns with



the role it is expected to fulfill within the class society in which it exists: the role of the exploited –professional, moral, civic, and apolitical consciousness; the role of agents of exploitation– ability to command, ability to establish relationships; the role of agents of repression –knowing how to command and obey without questioning orders; and the role of ideological professionals– manipulation of consciousness. Through this process, ideology becomes the system of ideas and representations that dominates both individuals and social groups. According to Marx, ideology is an imaginary *bricolage* that shapes the history of individuals who, in turn, materially produce their existence.

It is from this perspective that Louis Althusser interprets ideology as a representation of the imaginary relation (or imaginary distortion) between individuals and their real conditions of existence. This structuralist philosopher asserted that “the category of subject is constitutive of all ideology, but at the same time and immediately we add that the category of subject is not constitutive of all ideology but only insofar as all ideology has the function (which defines it) of ‘constituting’ concrete individuals into subjects” (Althusser, 1974: 139). In other words, the functioning of ideology operates within a dual framework, as ideology is nothing more than its own manifestation in the material forms through which it exists. To this, Ernesto Laclau (1978: 101) adds that “individuals, who are mere supports of structures, are transformed by ideology into subjects,” emphasizing that the defining mechanism of this transformation is interpellation. The specificity of populism as a form of politics lies in its dichotomous discourse, which divides society into two opposing spheres, constituting “the people” through the interpellation of those from below against the ruling class.

Thus, populism has been characterized by the formation of new political organizations that initially represented a transformative option but were built upon highly flexible ideological foundations. This flexibility allowed for adaptation to different contexts through an anti-elite discourse that could be molded according to specific cases and circumstances. From this perspective, it becomes clear why third-generation populism, or neo-populism, has its roots in political figures associated with economic and market liberalization, such as Carlos Menem, Alberto Fujimori, Carlos Salinas de Gortari, and Fernando Collor de Mello. In contrast, more recent populist leaders –such as Hugo Chávez, Rafael Correa, and Evo Morales– have revived the discourse of state intervention as a regulatory and driving force of the



economy. Populism is characterized more by its political nature than by its economic profile. Although it originates from a real conflict, its leaders construct an anti-oligarchic rhetoric that influences the social imaginary through its theoretical challenge to the *status quo*, while simultaneously leveraging clientelist networks to legitimize their leadership through votes (Machado, 2013).

Neo-populist leaders present themselves simultaneously as embodiments of order, as capable decision-makers and governors, and as paternal protectors of the people—watching over those they represent and shielding them from the austerity of economists and technocrats (whom they often bring to power themselves). They position themselves against a stark and indifferent world, one increasingly marked by competition and market inequalities that have intensified and generalized the sense of uncertainty and personal insecurity (Novaro, 1996: 144).

The usual objective of populism is to secure social legitimacy while keeping in power a specific elite that maintains political hegemony at the expense of its leader's popularity. In its most recent iteration, this process unfolds through the deployment of high-impact media tools, enabling populism to exert broad influence over society. As a result, citizens tend to delegate their power to state models in which the leader exercises authority within a formally ill-defined limit (Morlino, 1995).

This model in Latin America, under the discourse of 21st-century socialism, is embodied in a “third way” political logic (Machado, 2013), surpassing the old resistance to the neoliberal model and class conflict while adopting pragmatic policies whose legitimacy is rooted in the rhetoric of restoring a strong state for the protection and welfare of the population. It thus becomes a matter of reinforcing state institutions in response to the empowerment previously developed by civil society through social movements. These movements, in many cases even anti-systemic, played a central role in articulating resistance against neoliberalism.

In this way, the relational model established between populist leadership and its constituents transforms into a logic of authoritarianism based on consensus, despite theorists such as Laclau attempting to recognize its qualities of genuine democracy in contrast to the deteriorated liberal pluralist model. To fully grasp this dynamic, we must turn to Max Horkheimer, one of the leading exponents of the Frankfurt School's Critical Theory, who argued that the authoritarian state is a sociological phenomenon arising from historical circumstances marked by anarchy, disorder, and crisis, presenting itself as the means to overcome existing



problems. On this matter, Laclau goes so far as to assert in his seminal work that populist reason is equivalent to political reason, understanding that the essential function of populist leadership is to establish a stable order and homogenize society: “identification with an empty signifier is the sine qua non condition for the emergence of a people” (Laclau, 2005: 204). For Laclau, this “empty signifier” represents a void that, in the current crisis of political representation, could emerge within the hegemonic bloc as a result of tensions generated by counter-hegemony. However, the successful implementation of Laclau’s theories has led to the “empty signifier” becoming associated with the figure of a charismatic leader, proposed as the embodiment of popular sentiment and the voice of “the people.” The model developed thereafter evolves into a new universality that bears similarities to what classical theorists such as Peter Wiles sought to associate with the Popular State.

The Popular State is the state that becomes visible and responsive to its leader, endowed with will and human virtues –a state in which the blood of power and justice flows, rather than the lymph of indifference and neutrality. The people and their leader constitute the two fundamental entities of the regime (Wiles, 1998: 205).

For Negri, Laclau represented a neo-Kantian variant of what could be defined as a post-Soviet socialism. It was Negri himself (2015: 4), in his text *Hegemony: Gramsci, Togliatti, Laclau*, who included the following devastating quote from the Brazilian Bruno Cava:

If there is one evident characteristic of contemporary politics, it is the displacement of “the people” from the participatory functions to which modern public law had traditionally bound them. In the current context, the “empty signifier” becomes even more vacuous; rather than embracing the multitude, it is absorbed by dominant powers that bear no connection to the people, the nation, or the other optimistic concepts of modernity’s political vocabulary.

When analyzing the current processes and progressivist leaderships in Latin America, it is worth recalling the sociological thesis that charisma “can be defined as a strongly asymmetrical power relationship between an inspired guide and a court of followers who recognize in him, and in his message, the promise and anticipated realization of a new order, to which they adhere with more or less intense conviction” (Boudon & Bourricaud, 1980: 78). Additionally, this charisma “is related to the collective fears of entire populations, to states of radical insecurity and generalized anxiety” (Bobbio et al., 1985: 219).



It is true that these charismatic leaderships emerged as a response to a fractured social and economic model and that much of their legitimacy is derived from political action that reinforces the legitimacy of the vote –that is, they revitalize the model of electoral and plebiscitary democracy. However, the historical model of charismatic or *caudillo*-style leadership in Latin America has not been immune to authoritarian experiences, which have leveraged the role of the state as a tool for national integration and the concept of “homeland” as a mechanism for social homogenization. This has led to a cyclical resurgence of hyper-presidentialism and bureaucratic clientelism as central pillars of the populist order –where the fulfillment of social needs is exchanged for regime legitimacy– all of which is ultimately sustained by the erosion of the bourgeois liberal democratic model.

From a critical perspective on this model, it is essential to reclaim Cornelius Castoriadis’ anti-capitalist contribution as an attempt to distinguish the emancipatory project of the dominated, who, under the project of autonomy, seek to articulate new political objectives and cultivate new human capacities. To achieve this, direct and radical democracy –where the very concept of representation is called into question– becomes fundamental, transforming into the central axis of resistance against any attempt at capitalist rationalization and established conformism (Vera, 2010).

Today, following the failure of the neoliberal model in the region, as happened in the national-developmental period that began in the wake of the effects of the depression of the 1930s, the reaction of the capitalist elites and its political expression installed in most progressive governments has meant an increase in their dependence on the core countries, in turn meaning an increase in the subordination of the subaltern classes under the establishment of sophisticated states of control.

If the old developmentalism was, in reality, nothing more than a theory of economic growth constrained by insurmountable economic dimensions and quantitative measurements (Negri & Cocco, 2006: 50), the current progressivist processes remain equally illusory in their attempt to reconcile economic growth –within the framework of subordinate capitalist development– with social emancipation.

Currently, the return of the state and national sovereignty has been framed by the institutionalized sectors of the left as the primary axis of resistance to neoliberal globalization. In this context, the nation-state and the formation of a regional bloc –one that is not necessarily anti-capitalist– have become the only conceivable tools for attempting to counter the power of large transnational corporations in



today's globalized world. However, beyond the debatable success of these objectives –given the re-empowerment of extractive transnationals in the region amid the current downturn in commodity prices– the construction of conditions for the autonomous development of peripheral capital has little to do with social emancipation and freedom.

“The terminological distinction between emancipation and freedom is of crucial value here: while emancipation strives for the freedom of identity –the freedom to be who you truly (already) were– liberation aims at the freedom of self-determination and self-transformation: the freedom to determine what you (had never been and) can become.” (Negri & Hardt, 2009: 331).

The current Latin American neo-developmentalism, subordinated to a national project characterized by an interclassist pact, positions the state as the primary political subject, subordinating the citizenry and the organized social fabric that emerges from it to the discipline and control of institutional power. In short, the so-called progressivist governments of Latin America have confined their vision to the control of power and its relationship with capital, aiming for a degree of market regulation while seeking to modernize their national economies and societies under the grandiose discourse of a “second independence.”

The above implies an attempt at developing instrumental rationality –calculability and control of social processes– which entails the implementation of technical and technological progress driven by scientific rationality, as well as the instrumentalization of subjects in pursuit of a specific end that can be defined as progress (the domination and exploitation of nature and of human beings by other human beings). However, these interventionist logics overlook the fact that we operate within a system that is scarcely rational, one that necessitates a radical transformation of both its economic structure and the broader system in which it exists.

According to Jean Baudrillard, modernity has taken a fatal turn, transforming itself into a farce. The most tragic aspect of this, however, is that subjugated peoples, rather than differentiating themselves from their dominators and pursuing their own path of liberating revenge, have instead devoted themselves to imitating them –often grotesquely exaggerating their model. This aligns with Frantz Fanon's assertion in *Black Skin, White Masks* that oppression is internalized through mimicry.



As previously stated, the current neo-developmentalism implemented in Latin America by the so-called progressivist governments is merely a modernization of the old developmentalism of the 1930s, redesigned to align with the aesthetics and discourse of the present century.

If the old Latin American developmentalism entailed certain levels of industrialization, the consolidation of capitalist relations in the rural sphere, the entry of extractive transnationals into the exploitation of natural resources, and the “modernization” of the labor market –with the corresponding integration of the financial sector into the productive and consumer markets– then current neo-developmentalism follows a similar trajectory but under the framework of what has been termed “systemic competitiveness” (Leiva, 2008): This new approach emphasizes innovation as an ostensibly central factor of economic development, the promotion of a capitalist entrepreneurial culture, the flexibilization of the productive system, the training of human capital, the provision and modernization of infrastructure, and the development of collaborative networks for the sake of innovation. These processes are supported by various institutions –academia and the state– that seek to establish a new institutional framework capable of advancing these objectives.

In essence, the logic of Latin American neo-developmentalism can be summarized as follows: the application of heterodox economic policies with a leading role for the state, allowing pragmatism to mask its favoritism toward capitalists (Katz, 2014); a largely unsuccessful revival of industrialization as a priority for intermediate economies; and the simultaneous promotion of alliances with agribusiness under the rationale of increasing agricultural profitability. At the same time, agreements with foreign transnationals are pursued in an attempt to reduce the technological gap and replicate the trajectory of the four Asian Tigers (South Korea, Hong Kong, Singapore, and Taiwan), which between 1960 and 1990 sustained high rates of growth and industrialization –at the cost of state subsidies, wage moderation, social stability, and the incorporation of workers into productivity-driven policies.

To finance these initiatives and emerge from underdevelopment, this new form of state capitalism has sought to increase its extractivist revenues through neo-extractivism –an economic orientation centered on the exploitation of natural resources with a leading role for the state– while also expanding taxation. As Katz points out, “there are no strong markets without strong states.”



In this way, economic development remains trapped within the confines of modernization and progress, operating under an organizational model whose foundation and ultimate goal are rooted in the expansion of the logic of accumulation and profit. Continuing with Katz's analysis, "neo-developmentalism is more akin to technocratic ECLAC than to critical thinking and presents more continuities than ruptures with neoliberalism" (Katz, 2014). Thus, the prevailing idea disregards the fact that, under the aegis of global capitalism, emerging countries striving to establish themselves as active competitors in the world market will only secure a position in this sphere if they can extract a high rate of surplus value from their workers.

While it is true that some peripheral countries closer to the imperial core have managed, through late-capitalist development dynamics, to secure positions in the world market at the expense of declining old powers, the classic Marxist theory of uneven and combined development challenges the notion that this pattern can be universally applied.

The laws of history have nothing in common with pedantic schematism. Uneven development, the most general law of the historical process, does not manifest itself anywhere with the clarity and complexity with which the fate of underdeveloped countries reveals it. Driven by the whip of material necessity, underdeveloped nations are compelled to advance in leaps and bounds. From this universal law of the unequal development of culture arises another law, which, for lack of a more precise term, we shall call the law of combined development –referring to the convergence of different stages of historical progress, the blurring of distinct phases, and the fusion of archaic and modern forms. Without reference to this law, considered in its full material scope, it would be impossible to comprehend the history of Russia or that of any other nation experiencing delayed cultural progress, regardless of its specific circumstances (Trotsky, 1997: 15).

The current Latin American fascination with the economic development processes that emerged in Southeast Asia during the second half of the last century prevents a deeper understanding of these contradictions and overlooks what Marx stated more than a century and a half ago: the world market is the ultimate arbiter of capitalist society. In this regard, it is important to highlight that global value chains play a fundamental role in the international division of labor. Coordinated by the "flagship" corporations of global capitalism, these chains exert a strong influence on the economic development of peripheral countries, which integrate into them as subcontractors for specific tasks.



The rapid economic growth of Southeast Asian countries is directly linked to their economic integration with developed nations through global value chains. However, what Latin American planners and institutional strategists often overlook is that the support of leading transnational corporations in each sector of these chains depends on whether such projects enhance these corporations' capabilities in developing countries –that is, whether they contribute to increasing their overall profits.

In short, leading transnational corporations retain control over the most critical decisions within these chains, which may include negotiating tax exemptions in the countries where they operate, imposing precarious labor conditions and low wages, or even preventing the development of subordinate firms –ultimately minimizing costs and maximizing profits on a global scale. While it is true that latecomer countries can displace earlier-developed nations in the global market, the institutional intelligentsia –whether consciously or unconsciously– seeks to overlook the fact that, under this model, someone must bear the costs of such economic “success.” As James Carville, a Democratic Party advisor to Bill Clinton’s 1992 presidential campaign, famously put it: “It’s the economy, stupid!”

In the context of the emergence of a new multipolar world order, the countries of Latin American “progressivism” have sought to define their own development model by combining state protagonism with a market economy. In other words, the post-neoliberal agenda has attempted to expand social policies while fostering the articulation of the domestic market –without altering the accumulation matrix inherited from the previously dominant neoliberal model. This model is not new; rather, it represents a Latin American re-edition of what was theorized in *The General Theory of Employment, Interest, and Money*²¹ as a response to the Great Depression of 1929 by the author of the famous phrase: “I may be influenced by what I consider to be justice and good sense, but the class struggle will find me on the side of the educated bourgeoisie.”²²

The method had a positive impact on the region’s socioeconomic indicators, which cannot be separated from the transformations in the global economic power structure. The sustained macroeconomic growth of China for more than three

21. John Maynard Keynes published his *Teoría general del empleo, el interés y el dinero* (*General Theory of Employment, Interest and Money*) in 1936, focusing his analysis on the causes and consequences of variations in aggregate demand and its relationship with the level of employment and income.

22. This quote from Keynes is taken from his lecture *¿Soy un liberal? (Am I a liberal?)* It is part of a compilation of texts published by Editorial Síntesis in 2009 in the book *Ensayos de persuasión*.



decades –averaging an annual growth rate of 10.2 percent between 1980 and 1990, 10.6 percent between 1990 and 2000, and 9.8 percent between 2000 and 2006– led to a structural shift in the pricing trends of raw materials exported to the global *commodities* market. Between 2002 and 2011, the exchange price index of goods and services exported by Latin America rose by 37 percent, driven by significant price increases in key export products: 303 percent for energy, 143 percent for food, and 505 percent for minerals (Araníbar & Rodríguez, 2013: 26). According to ECLAC data, the growth in the value of Latin American exports has been exponential over the past three decades, increasing from 19 billion dollars in 1980 to 340 billion in 2000, and reaching 1 trillion dollars at the beginning of the present decade.

In short, the Latin American development model has sustained –and even deepened– its dependent international integration as a supplier of raw materials, along with its consequent social and environmental impacts. This has occurred despite the fact that the state has gained greater legitimacy compared to the past by redistributing part of the surpluses generated through the neo-extractivist model of primary product exploitation.

The vulnerability of these economies –subordinated to the erratic fluctuations of global markets– is extreme, and we will address its political implications later. In any case, the neo-developmental logic of current Latin American governments is further hindered by the ongoing reprimarization of their economies, as indicators reflect a slowdown in productive-industrial growth (Actis & Zelicovich, 2012).

Neo-extractivism has been understood by progressivist governments in Latin America as a mechanism for capitalizing the state, aimed at sustaining social policies and transforming the productive matrix of their respective countries in pursuit of a supposed endogenous development. Proponents of the extractive model view it as a transitional phase –a period in which, beyond meeting the immediate needs of the population, wealth and scientific-intellectual capacity must be accumulated to eventually surpass the model itself.

“The way out of extractivism is to temporarily rely on extractivism to establish the cultural, organizational, and material conditions necessary for a population to transition to a knowledge-based economy (...) We will continue producing because we must meet the material needs of the people, but at the same time, we will create the conditions for a renewed connection with nature, rescuing indigenous traditions” (García Linera, 2015).



However, what the Bolivian Vice President and other advocates of the “easy economy” seem to overlook is that these extractivist processes are characterized as enclave economies. They do not generate new economic activities through productive chains, nor are they integrated into the local market. Instead, they direct the exploitation of natural resources toward the demands of the global market, with a lifespan of no more than thirty years due to resource depletion or land exhaustion. As a result, they produce severe multidisciplinary impacts on the affected territories and communities.

In broader terms, the “*El Dorado*” vision promoted by the most radical progressivist governments (Bolivia, Venezuela, and Ecuador) is now closely tied to state intervention—both as a producer and a relative regulator—and a range of social policies aimed at the most vulnerable sectors, fundamentally sustained by extractivist rents (primarily oil and gas). Certainly, the recovery of certain tools and institutional capacities by the national state cannot be overlooked, as it has re-emerged as a significant economic actor and, in some cases, a redistributive agent. However, within the framework of global governance theories—based on the consolidation of a new institutional structure anchored in supranational or meta-regulatory frameworks—the prevailing trend does not suggest the transformation of the national state into a “mega-actor” nor that its intervention guarantees substantive change. On the contrary, the dominant hypothesis points to the return of a moderately regulatory state, capable of positioning itself within a structure of variable geometry—that is, within a multi-actor framework involving a complex civil society composed of social movements, non-governmental organizations, and other stakeholders—while maintaining a close association with multinational private capital, whose influence in national economies continues to grow. This dynamic imposes clear limits on the scope of national state intervention and establishes an inexorable threshold on the very demand for democratized decision-making by communities and populations affected by large-scale extractive projects (Svampa, 2012: 31).

One of the fundamental characteristics of Latin American progressivist neo-extractivism is that its governments—whether intentionally or not—lack a genuine understanding of the social and environmental impact of the model, restricting their arguments to an economicist perspective centered on the percentage of income appropriation it generates. For this reason, progressivist neo-extractivism, which Maristella Svampa aptly refers to as the “commodity consensus,” differs very little from classic extractivism.



We are thus witnessing the persistence of the primacy of the primary-export production pattern in the region, which, in countries such as Brazil, has even led to an early deindustrialization phenomenon (Salama, 2012). This also entails an accelerated process of accumulation by dispossession (Harvey, 2014), resulting in deprivation, the violent transformation of traditional ways of life in directly affected communities, the displacement of peasant and indigenous populations from their historical territories, militarization, the criminalization of social protest, and both state and para-state violence. Although Latin America's natural resources, in all their dimensions, were incorporated into the capitalist world system centuries ago as commodities destined for the reproduction of global capitalism (Composto, 2012), it is the progressivist governments of the subcontinent that are intensifying this logic of modernity/coloniality.

Understanding that processes of dispossession are both intrinsic to and an essential component of the logic of capital accumulation –especially considering that today it is difficult to conceive of the existence of non-commodified zones– while at the same time acknowledging that the production of surpluses now transcends borders to incorporate new territories and future markets, both dynamics become particularly evident within the neo-extractivist development model as a heterogeneous field of articulations. As Marx wrote between 1857 and 1858 in the *Grundrisse*: “the idea of creating the world market is directly inherent in the very idea of capital.” (Gago & Mezzadra, 2015). The world system functions as an interconnected whole, where hegemonic and subordinate positions are not the result of differing developmental stages (Composto, 2012) but rather of the specific roles they occupy within the same global economic structure.

It is clear, then, that the neo-developmental discourse of Latin American institutional progressivism has little to do with overcoming capitalism, as it is difficult to conceive that the way to transcend the capitalist model is by reinforcing global capitalism itself. Looking back to 1955, Erich Fromm, in his work *The Healthy Society*, challenged analysts who assumed that capitalism –whether reformed or not– could become rational, and that the primary task of the individual was to adapt to its fundamental requirements. Fromm argued that for people to live productively, in a healthy and peaceful manner, capitalism must disappear. His thesis sought to reclaim Marx's idea that capitalism functions as a way of life that stifles human personality. Building upon this, the German thinker proposed that



socialism should aim to establish the dominion of reason in all human activities. With this bold assertion, Marx contended that eliminating irrationality within the productive forces of the economy should create the conditions necessary to reduce all forms of governmental coercion over the associations and actions of individuals. In other words –and to the likely dismay of contemporary progressivist planners and the intelligentsia aligned with the new power– this would ultimately imply the dissolution of the state.

Brazil: What corruption shows

The political and economic crisis in Brazil, and above all Operation *Lava Jato*²³ [*Car Wash*], which investigates corruption within the state-owned oil company Petrobras, involving high-ranking officials, politicians, and businessmen –has exposed the role of state institutional control in the formation of a new wealthy class, constituting an emerging bourgeoisie in alliance with a sector of the traditional bourgeoisie.

The Public Prosecutor's Office investigation determined that approximately 10 billion reais (about 4 billion dollars) were diverted from Petrobras between 2004 and 2012, benefiting political parties such as the Workers' Party (PT), the People's Party (PP, *by its acronym in Spanish*) and the Brazilian Democratic Movement Party (PMDB, *by its acronym in Spanish*). All three were part of the support base for the governments of Luiz Inácio Lula da Silva and Dilma Rousseff. These diverted funds also favored the country's major construction companies –Camargo Corrêa, Odebrecht, Queiroz Galvão, Andrade Gutierrez, OAS, Mendes Júnior, and Engevix, among others– which secured lucrative contracts with the state-owned company for large infrastructure projects. Finally, these funds benefited intermediaries, high-ranking Petrobras officials, and the involved political parties.

As a result of Operation *Lava Jato*, more than 100 individuals had been imprisoned and over 75 convicted as of November 2015 –a number that continues to grow. The investigations reveal a triple alliance between Brazilian multinational corporations, the state-owned oil company, and political parties. This alliance predates the Workers' Party (PT) coming to power, emerging in the second half of the 1990s under the government of Fernando Henrique Cardoso. However, it deepened as Petrobras significantly expanded its investments and the state regained part

23. "Lava Jato" literally means car wash, in relation to money laundering.



of the control it had lost during the neoliberal period. Let us now examine how each of these actors operates:

Petrobras became the world's second-largest oil company following the massive capitalization led by the Workers' Party (PT) government in September 2010. This was the largest corporate capitalization in history, raising \$72 billion, which increased Petrobras' market value to \$283 billion, second only to U.S.-based ExxonMobil. With this operation, the state secured control of more than 50 percent of the company's shares. It marked the peak of Petrobras' success, as the company projected \$224 billion in investments between 2010 and 2014, aiming to position itself among the world's five largest oil companies by 2020.

On the business side, the four major groups involved in Operation *Lava Jato* – Odebrecht, Camargo Corrêa, Andrade Gutierrez, and OAS – employ no fewer than 500,000 workers and generate annual revenues of \$15 billion in the construction sector alone, across more than 300 contracts, half of which are with the state. These conglomerates are responsible for a significant share of infrastructure projects, ranging from hydroelectric plants and ports to highways and airports. One of the primary investors has been the state-owned Petrobras, which requires port expansions, shipbuilding, drilling rigs, and oil extraction platforms, positioning itself as the world's leading oil company in terms of investment.

According to testimonies collected by the Public Prosecutor's Office, "the construction companies met and decided in advance who would be awarded each of the projects offered by the public sector." (*Carta Capital*, 2014). To the value of these projects, they added a percentage that was directly funneled to Petrobras officials responsible for awarding contracts, as well as to the political parties to which they were affiliated. This was done through "consulting firms" that served as money-laundering intermediaries. It was a "club" dominated by more than 15 major construction companies, which selected projects based on the sector that best suited their interests. Apparently, the same scheme is being used in other state-owned companies that have yet to be investigated.

As for the businessmen, their *modus operandi* appears to follow a well-established tradition. Marcelo Odebrecht, currently imprisoned as president of the Odebrecht Organization conglomerate, is the grandson of Norberto Odebrecht, who founded the company in 1944. Under Marcelo's leadership, whose personal fortune is estimated at 14 billion reais, the company became one of Brazil's five



largest and one of the most prominent construction firms in Latin America. The Workers' Party (PT) governments pursued a strategic plan to promote the international expansion of Brazilian corporations by providing financial support through the National Bank for Economic and Social Development (BNDES *by its acronym in Spanish*) –then the largest development bank in the world. The objective was to elevate Brazil to the status of a global player, positioning it as one of the world's leading emerging powers. This strategy forged an alliance between political power and a select group of companies chosen by the government to grow alongside it on the international stage. Beyond the construction firms –major beneficiaries of the IIRSA (*by its acronym in Spanish*) project for regional integration infrastructure– other industries also gained from this model. These included food-processing giants such as JBS and Brasil Foods, as well as the Votorantim and Gerdau groups, among the most prominent. As is often the case, large corporations thrive only with state support, a dynamic that began in Brazil during the first Getúlio Vargas administration in the 1930s.

Odebrecht represents a unique case, as it operates in the strategic defense sector, one of the Workers' Party (PT) governments' top priorities. In fact, Odebrecht has established a Defense and Technology division that participates in the largest program developed under the National Defense Strategy and the Armed Forces: the submarine program, including the naval base and the Navy shipyard in Itaguaí (Rio de Janeiro). This facility is currently constructing four conventional submarines and Brazil's first nuclear submarine. The Itaguaí Shipbuilding company, a joint venture between Odebrecht and the French firm DCNS, is responsible for technology transfer, a process aimed at achieving technological independence in submarine construction to safeguard offshore oil fields.

The key to understanding the emergence of a new managerial bourgeoisie under the Workers' Party (PT) governments lies in the personal connections between top officials of Petrobras, the government, and the party. These are close relationships among individuals who ascended to the highest levels of state institutions –whether in federal and state governments or public companies– allowing us to decipher whose interests they represent and how they operate. To illustrate this dynamic, we examine the trajectory of two typical capital managers: a career Petrobras official who was “captured” by the PT, and a bank worker with a long history in the party.



At Petrobras, as in all state-owned companies, political parties play a decisive role in the appointment of directors. Renato Duque was nominated by the Workers' Party (PT) for the Services Directorate, Nestor Cerveró by the Brazilian Democratic Movement Party (PMDB *by its acronym in Portuguese*) for the International Directorate, and Paulo Roberto Costa by the Progressive Party (PP) for the Supply Directorate.²⁴ Each of these directors ultimately favored the party that appointed them, diverting company funds to finance electoral campaigns.

Engineer Renato Duque joined Petrobras in 1978 and specialized in petroleum engineering at the Federal University of Rio de Janeiro. After working in various departments, he transitioned to the contracts division. In 2003, after 25 years with the company, he was promoted to director. Throughout his tenure, he held key positions, including director of floating platforms, drilling superintendent in the Campos Basin, manager of drilling contracts and human resources, and head of the engineering and technology division. His signature was required for million-dollar deals with both domestic and foreign companies.

He only joined the Workers' Party (PT) when Lula took office in 2003, having been recruited by Silvio Pereira, then secretary-general, with the approval of José Dirceu—one of the key figures in Lula's electoral campaigns. Dirceu, who had to resign as head of the Presidential Civil Cabinet due to his involvement in the mensalão corruption scandal, endorsed Duque for the Services Directorate (Istoé, 2014). Before his arrest, he lived in a duplex penthouse in Barra da Tijuca, an affluent neighborhood in Rio de Janeiro's south zone, valued at 4.5 million reais (over one million dollars). He also purchased two high-end retail stores, built a summer house in the tourist town of Penedo, and invested in luxury jewelry. At the time of his arrest, his bank account held 3.2 million reais, which were frozen by the Central Bank. His total assets exceed 15 million reais, not including Swiss bank accounts containing illicit funds derived from the diversion of 3 percent in contract kickbacks—2 percent of which was funneled to the party. Investigators arrived at a simple calculation: if Pedro Barusco, a Petrobras manager one level below Duque, agreed to return 250 million reais, one can only imagine the fortune amassed by his superior. A similar reasoning applies when estimating the funds embezzled in other areas of the state.

24. PMDB: Brazilian Democratic Movement Party. PP: Popular Party. Both are allies of the government.



The investigation revealed that Duque and Barusco received a R\$12 million bribe from a single contract with Camargo Corrêa. In March 2010, the Services Director was honored with the title of “Citizen of Rio de Janeiro” by the State Legislative Assembly, following a request from PT Deputy Gilberto Palmares. However, in February 2012, Graça Foster assumed the presidency of Petrobras and sought to “depoliticize” the company, ultimately dismissing Duque.

During this period, the former Services Director established D3TM Consultoria, a firm through which he received bribes from companies he assisted in securing contracts with Petrobras. According to allegations, he amassed up to R\$50 million from commissions related to the purchase of drilling rigs for the Petrochemical Complex of Rio de Janeiro. In the final years of his career, Duque developed a close relationship with João Vaccari Neto, the Workers’ Party (PT) treasurer, frequently dining with him at exclusive restaurants in São Paulo and Rio de Janeiro. Vaccari was later indicted for diverting R\$4.2 million into the PT’s coffers – funds allegedly provided by Renato Duque.

The second case is that of bank employee and trade unionist Vaccari Neto, who ascended to the position of treasurer of the PT after a long political career and due to Lula’s personal trust in him. He previously served as president of the Bankers’ Housing Cooperative of São Paulo (Bancoop) and as a member of the Board of Directors of Itaipu. The cooperative was founded in 1996 by Ricardo Berzoini, then president of the PT and later a minister in Lula’s government. Between 2002 and 2004, Bancoop diverted funds to the PT to finance its electoral campaign.

Bancoop once had more than 15,000 cooperative members and was one of the most important housing construction companies in São Paulo. However, it faced a deficit of more than 100 million reais despite receiving financial support from pension funds linked to state-owned companies and banks. The cooperative eventually collapsed, defrauding many of its members, which led the courts to order its directors to compensate those affected who are claiming damages.

Vaccari’s trajectory is similar to that of hundreds of bank employees affiliated with the *Central Única dos Trabalhadores* (*Central Workers’ Union*, CUT), who begin a political career that leads them to strategic positions from the perspective of capital accumulation, such as pension funds and large state-owned or even private companies. The pension funds of three major state-owned companies – Banco do Brasil, Petrobras, and *Caixa Econômica Federal* (*Federal Savings Bank*) – control a



significant portion of Brazil's leading companies, either directly by integrating their boards of directors or through the BNDES (*by its acronym in Portuguese*), whose board of directors also includes trade unionists (Zibechi, 2012). Trade unionists from these companies hold key positions in PT governments and constitute the majority in the highest levels of ministries.

On September 21, 2015, Duque and Vaccari were sentenced to 20 and 15 years in prison, respectively, for “passive corruption and money laundering” as part of the Operation *Lava Jato* investigation. Both symbolize the alliance between senior officials of the state-owned company and the governing party. To complete the picture, it is important to consider that their power and way of life are sustained not only by the positions they hold but also by the alliance they forged with a sector of the bourgeoisie –an alliance that grants contracts to this sector while also bringing them personal benefits. Large construction companies finance a significant portion of electoral campaigns, to the extent that in the 2010 elections, 54 percent of parliamentarians were elected with the support of a handful of companies that are now under investigation for corruption (Zibechi, 2012, p. 40).

There are alternative interpretations of the Brazilian crisis that emphasize a right-wing and U.S.-led conspiracy to overthrow the PT government. Ambassador Samuel Pinheiro Guimarães, former Minister of Strategic Affairs in Lula's government, highlights the existence of a conservative offensive aimed at “destroying the construction engineering sector, where national capital is concentrated,” with the goal of “paving the way for the dismantling of state agencies such as Petrobras, BNDES, *Caixa Econômica*, and Eletrobrás, among others” (Pinheiro, 2015). In this regard, it is important to consider that former presidential candidate for the Brazilian Social Democracy Party (PSDB), José Serra, seeks to eliminate the requirement that Petrobras hold a minimum 30 percent stake in all investments in the vast offshore reserves along the Brazilian coast.

According to Pinheiro Guimarães, the crisis in the judicial system is part of the broader institutional crisis the country is experiencing. In his view, the Federal Police operates with extreme partiality against the accused, using media-driven tactics that create in society a presumption of high dangerousness for the individuals it arrests for investigation, while also arrogating to itself the role of an independent power within the State. Based on statements made in parliament by the president of Federal Police entities, it appears that the institution “regularly receives funds



from the CIA, the FBI, and the DEA, amounting to 10 million dollars per year, deposited directly into the individual accounts of federal police officers” (Pinheiro, 2015).

The armed forces share this assessment. An editorial published on the Defesanet website following the arrest of Vice Admiral Othon Luiz Pinheiro da Silva –architect and executor of the Navy’s nuclear program– highlights foreign interference aimed at weakening the defense sector. The website, which typically reflects the views of segments within the armed forces, expresses its support for the detainee “even in the possibility that he may have committed contraventions,” arguing that his arrest represents “an attack on the only Brazilian strategic project that genuinely seeks to elevate the nation several steps higher” (Defesanet, 2015).

There is also an ongoing investigation into alleged overpricing in the Submarine Program (Prosub, *by its acronym in Portuguese*) and the Itaguaí base, which is currently under judicial review. The issue is particularly sensitive, as the projects are being executed by Odebrecht and involve one of the most critical aspects of Brazil’s defense: the nuclear and submarine program, launched in 2009 following the signing of strategic technology transfer agreements with France.

A final comment. In capitalism, “corruption” is an intrinsic part of capital accumulation. There is no capitalism without corruption, as it is a system based on the exploitation of workers and, therefore, cannot invoke any moral justification for its existence. Operation *Lava Jato* and the ongoing political-economic crisis in Brazil significantly delayed the submarine delivery schedule. The first submarine was originally scheduled to leave the Itaguaí shipyard in 2015, but due to budget cuts, its delivery was postponed to 2019 or 2020 (*Poder Naval*, 2015). Even more concerning is what has happened to Petrobras, which fell nearly 400 positions in the global ranking of the world’s largest companies compiled by *Forbes* magazine. In 2013, Petrobras was the 20th largest company in the world; by 2015, it had dropped to 416th place, losing two-thirds of its market value (*Valor*, 2015).

It seems evident that there is a fierce dispute between two sectors of the bourgeoisie. The United States and international finance capital have taken sides against managers linked to the PT and multinational corporations of Brazilian origin, such as Petrobras and Odebrecht. In this struggle, each sector of the bourgeoisie is backed by different powers. The novelty introduced by Progressivist governments is that they are supported by the major domestic companies of each country, the



managers of state-owned enterprises, Progressivist parties, trade unions, and other social movements, as well as by external backing from the emerging countries that form the BRICS. They rely on popular mobilization to create the conditions necessary to isolate and displace the more traditional sector of the bourgeoisie, which is generally linked to banking, agribusiness, mining, and real estate speculation –sectors dependent on major multinational corporations from the Global North and unconditional allies of the United States.

Bolivia: mining cooperativists, emerging bourgeoisie.

Cooperative mining expanded as a result of neoliberal policies that privatized the powerful and combative state mining sector centered around the *Corporación Minera de Bolivia* (Bolivian Mining Corporation; Comibol by its acronym in Spanish). Mining cooperatives absorbed part of the unemployed workforce following privatizations that favored large multinational companies.

The mining cooperatives emerged during the 1929 crisis, and their history has fluctuated in response to international mineral prices. However, since 1985, when the neoliberal government decided to dismantle Comibol –which until then had managed Bolivia’s main source of wealth– the “relocation” of workers who abandoned the mines in search of alternative employment in the cities began. For many, this option proved unsuccessful, and those unable to find work were forced to return to the mines. This return was fraught with conflict, as it often occurred violently, with miners having to take over the mines “until the government granted them the right to exploit them as cooperatives” (Michard, 2008, p. 12).

According to another analysis, the cooperatives absorbed a significant portion of the unemployed workforce, alleviating employment pressure on privatized mining, so much so that “mining cooperatives are the other half of the neoliberal model in mining” (Francescone and Díaz, 2013, p. 32). The cooperativists operate the old and unprofitable Comibol mines nationalized by the 1952 revolution, while the most valuable deposits were handed over to private enterprise. Until privatization, mining cooperatives had about 20,000 workers, but by the late 1980s, their membership had grown to over 40,000.

Since MAS took control of the *Palacio Quemado* (Burnt Palace), mining cooperatives began receiving government support with the aim of establishing a productive



sector aligned with the political and strategic objectives of the new administration. With high international prices, mining exports increased from US\$500 million in 2006 to over US\$3 billion in 2013. The cooperative sector accounts for 30 percent of total mining exports; however, they are responsible for exporting 37 percent of silver, 41 percent of tin, and 71 percent of gold (Francescone and Díaz, 2013, p. 35).

Mining cooperatives have secured more than half of the contracts since 2008 and 43 percent of the total area granted by the State. The number of cooperatives has tripled, increasing from 447 in 2008 to 1,400 in 2013, directly employing 120,000 workers –90 percent of the sector’s workforce. However, their contributions to the State remain minimal, paying only 4 percent in value-added tax and 1 percent of the production value from leasing Comibol’s deposits. In total, they contributed \$44 million in royalties out of the \$1.059 billion they exported in 2012 (Francescone and Díaz, 2013).

The differences among cooperatives are significant. More than 80 percent have between 10 and 50 members, 2 percent have over 200 members, and 12 cooperatives account for 74 percent of total production. Income disparities are also considerable: some members can earn up to 60,000 *bolivianos* (*Bolivian currency*) per month, while hired workers barely reach 1,500 bolivianos²⁵ (Salazar, 2015, p. 240). Some large cooperatives employ up to 80 percent of their workforce. Only ten cooperatives have more than 300 members (Poveda, 2014).

There is significant internal differentiation and deep inequality in many large cooperatives. Formally, all cooperative workers are considered members, but in practice, there are distinct categories. Some farmhands migrate from the countryside to work seasonally, supplementing their agricultural income. Those with no prior mining experience must work for a period –sometimes years– before being accepted as members. Many laborers work under a partner. In *Cerro Rico de Potosí*, a crew of four laborers working for a partner shares production at a rate of 40 percent for the partner and 60 percent for the laborers, amounting to between 700 and 1,000 *bolivianos* per month for the laborers (Michard, 2008, p. 14).

There are various arrangements depending on the cooperative. Some include “second hands,” an intermediate category between laborer and member, while others have three or four distinct categories of members, according to Jocelyn Michard’s research in Potosí. As a result, rights differ: those in higher categories

25. One dollar is equivalent to seven bolivianos in December 2015.



receive year-end gifts and Christmas bonuses, whereas in other cooperatives, only certain members have access to management positions.

In terms of work organization, each partner finds a “site” and exploits it autonomously, may associate with other partners, or hire workers. Income depends on the amount of mineral extracted. In Potosí, within the largest cooperatives, members of the permanent commission “have the financial capacity to hire employees, leaving their workers to operate a site while they focus on administrative tasks,” since effective management “constitutes a possibility of political promotion” (Michard, 2008, p. 20). Large cooperatives have secretaries, drivers, accountants, engineers, security personnel, and better machinery, and they can obtain better prices by selling in bulk.

Economic and social stratification within cooperatives is significant and is influenced not only by the number of members but also by the internal distribution of power:

There are members who occupy or are directly linked to the management bodies of their cooperative, control sites with high-grade deposits, subcontract workers to operate the mine, invest in technology, and ultimately achieve very high personal profits. This stratum, in many cooperatives, makes the most important decisions and operates with a business-oriented logic. This group has established more direct relationships with marketing companies and, in some cases, has formed alliances with foreign investors, establishing shared-risk contracts (Michard, 2008, p. 59).

This is an interesting description of the emergence of a distinct elite that bases its power and prestige on controlling the direct labor of members/workers grouped into crews, who, in many cases, work with hand tools. By overseeing the labor and surplus value generated by their workers in each mine, this small elite also exerts control over the National Federation of Bolivian Mining Cooperatives (Fencomin, *by its acronym in Spanish*), which, as mentioned above, accounts for no less than one-third of the country’s mining exports, or 23 percent of total exports before the decline in prices.

A follow-up on the personal careers of cooperativists who have attained high positions in the State allows us to draw some conclusions about this sector of the emerging bourgeoisie. Senator Efraín Condori worked in the 1980s in the Catavi mine, which belonged to Comibol during that period, according to his biography published on the Vice Presidency’s website. In the 1990s, he worked in the 20 de



Octubre Cooperative, which later elected him as president. Between 1998 and 2000, he served as president of Fencomin and then of the Catavi Defense Committee. Subsequently, he was elected senator for MAS representing the department of Potosí.

Pascual Huarachi, also a MAS senator, was a student leader and, in 1996, served as education leader of the Chorolque Mining Cooperative. Between 2002 and 2004, he was Secretary of Mining at Fencomin, an organization he presided over between 2005 and 2006. Andrés Villca, also a MAS senator, has followed a similar trajectory. In addition to the senators, the mining cooperativists' bench includes six deputies, who together account for 8 percent of the ruling party's bench. The first Minister of Mining in Evo Morales's government was also a former president of Fencomin, the organization that dominates the ministry. There are at least two cooperativists in vice-ministerial positions.

There is a strong relationship between the government and mining cooperativists, though not without disagreements and crises. On several occasions, cooperativists have pressured the government –such as during the constituent process and the approval of the Mining Law– to secure benefits for the sector. Before the 2014 elections, Fencomin pressured the government to approve the Mining Law before the electoral process as a condition for supporting the MAS candidacy (Salazar, 2015, p. 242). However, at decisive moments, mining cooperativists have closed ranks around the MAS government, as seen in the “massive participation of cooperatives in the march in favor of the government during the *TIPNIS* conflict (...) rewarded with two laws in favor of the sector” (Francescone and Díaz, 2013, p. 33).

The Mining Law approved in 2014 has been described as privatizing, anti-indigenous, and anti-democratic. According to the Center for Labor and Agrarian Development Studies (Cedla, *by its acronym in Spanish*), it recognizes only three forms of mining activity –state, private, and cooperative– thus “forcing indigenous peoples to adopt a purely mercantile capitalist organizational form, abandoning their collective social nature” (Cedla, 2014, p. 5).

It also undermines the agrarian productive sector, as it classifies mining as a strategic activity, granting mining rights “primacy over agricultural land ownership” and the power to expropriate agricultural landowners to ensure mining operations. This includes rights acquired in areas designated as Native Community Lands or Native Indigenous Farmers' Territories (Cedla, 2014, p. 6).



According to researcher Pablo Villegas from the *Bolivia Documentation and Information Center* (*Centro de Documentación e Información Bolivia*; Cedib, by its acronym in Spanish), no sector of society is granted the powers and hierarchical status conferred upon “mining rights” concessions, which are “protected by provisions typical of a monarchy, not a democracy” (Villegas, 2014, p. 26) The regulation provides security and protection to mining companies and their investments against “acts by individuals or collective groups who intend to subdue or subjugate, invade or attempt to invade their Mining Areas, plants, or facilities,” effectively criminalizing protest (Cedla, 2014, p. 6).

In Villegas’ opinion, the State becomes “an instrument of the concessionaires,” who are placed even “above the parliament,” in a contradictory process that, while favoring cooperativists –who “stated that their electoral support for the government depended on the approval of the mining law”– on the other hand, deploys the police to strip opposition organizations such as Conamaq and Cidob of their legal status and transfer it to government-created organizations (Villegas, 2014, p. 28).

According to Carlos Arce from Cedla, the government “supports the cooperativized sector as part of the new emerging bourgeoisie that will strengthen the new Plurinational State,” with the same intent as its support for other sectors, such as traders and medium-sized agricultural producers in northern Santa Cruz” (Cedla, 2012). For Arce, this represents a more austere and popular type of businessman –one who does not flaunt wealth in Miami but lives modestly– such as mining cooperativists, urban traders, and rural producers, whom the State integrates to ensure a social support base with economic and productive power.

This emerging bourgeoisie needs to rely not only on the State but also on popular sectors. In electoral publicity, they appear wearing miners’ helmets, invoking an old and distant symbolism as a means of securing loyalty. They actively participate in major struggles, as seen in Potosí –the department with the highest concentration of mining in the country– where they have played a leading role in several movements in 2007, 2010, and July–August 2015. They are part of the Potosí Civic Committee (*Comcipo*, by its acronym in Spanish), which organized a 20-day departmental strike with road blockades and street demonstrations.

Comcipo presented a 26-point list of demands, emphasizing the construction of factories, hospitals, roads, and infrastructure at a time when falling mineral prices threaten the continuity of mining operations. They also demand the



activation of the *Karachipampa* mining plant, installed 40 years ago but never operational, as well as the preservation of Cerro Rico de Potosí, which is at risk of collapsing and endangering the undercuts –one of the cooperatives’ main extraction sites (Bolpress, 2015).

There are at least four aspects that help explain the advantages enjoyed by mining cooperativists: lower royalties and taxes, along with a zero VAT rate; exemption from the tax obligations of the general tax regime due to their social and non-profit status; marketing benefits in commercialization, with the State contributing to the creation of the Integral Center for Mineral Commercialization of Mining Cooperatives and a Price Stabilization Fund that compensates cooperatives when production costs exceed international prices; and finally, the Environmental Law, which, of course, does not apply to mining cooperatives (Poveda, 2014, p. 81).

State and governmental support is largely driven by the needs of the plurinational project, providing cooperativists with better conditions to compete in the market. In this sector, the government has no allies other than cooperativists and unionized workers, whose interests are often contradictory. In this gamble by the MAS project, the main losers are mine workers and Andean communities, who, despite theoretically owning the subsoil, are unable to exploit it because they lack both their own resources and state support. Certainly, MAS support for cooperativists comes with direct social costs, but the party still needs to align itself with private capital to establish itself as the hegemonic force in mining accumulation. “The tendency is rather aimed at converting mining cooperativism and its special regime into a channel for the penetration of foreign capital, replacing the disappeared class of Bolivian mining entrepreneurs in medium-scale mining” (Poveda, 2014, p. 85).

We have observed two distinct processes in two countries with Progressivist governments: the rise of an elite embedded in the State, closely linked to the Brazilian multinational bourgeoisie and high-ranking officials of the governing party, and, on the other hand, the promotion of a group of cooperativists turned exploiters with influence and support in the government. However, what has been analyzed cannot be generalized to other cases, as each process has its own particularities. The paths leading to the creation of new privileged groups, as shown, are



not identical in Brazil and Bolivia; on the contrary, they exhibit more differences than similarities.

Nor can it be said that new bourgeoisies have emerged, a scenario that seems unlikely given that Progressivist processes have only been in place for a decade and a half. However, one of the most significant consequences of Progressivist administrations is the consolidation of new privileges and groups benefiting from government policies. These sectors, however, must be identified with a certain degree of precision. It is not enough to speak of “State capitalism” in general without specifying who participates and how they benefit from this new reality.

In the case of the “upper ranks” of Bolivian mining cooperativism, there appear to be tendencies toward the formation of a well-positioned elite that captures a substantial share of the surplus value generated by cooperative workers while also positioning itself to align with private capital. On the other hand, union careers linked to pension funds and parties embedded in high-level state positions have produced a new generation of administrators in key roles, equipped to manage a not-insignificant fraction of Brazilian capitalism.

The objective is to illustrate how this group of managers is emerging in the shadow of companies and state policies. Although these managers have gained considerable strength, it is still too early to claim that they constitute an emerging bourgeoisie –despite the fact that their interests diverge significantly from those of the popular majorities and even further from the proclaimed goal of building 21st-century socialism or even merely more just and egalitarian societies. We will have to wait some time to determine whether these tendencies consolidate. However, the current crisis serves as a strong indicator –as we will see in the following chapter– of the crystallization of class interests.



CHAPTER IV

End of Cycle: Inequality & Repression to Sustain Privileges

a) The persistence of inequality

One of the greatest myths created by Progressivist governments is that they have reduced inequality. The public policies implemented by these governments have significantly reduced poverty, although part of this reduction is attributable to the economic boom that increased employment levels and lowered unemployment to historic lows. However, we cannot overlook the fact that the consistent rise in the minimum wage, along with social policies, has improved the income of popular sectors, reducing poverty in several countries to below 10 percent of the population.

The same cannot be said for inequality. The failure to reduce economic disparities exacerbated during the neoliberal era is one of the greatest shortcomings of Progressivist governments. The main challenge in measuring inequality lies in the lack of reliable data and the limited time span of available measurements, which hinders the ability to develop a comprehensive understanding of income distribution and concentration processes.

First, a distinction must be made between structural inequality and conjunctural inequality, as noted by Ecuadorian sociologist Pablo Ospina. A divergent trend emerged between the 1990s and the 2000s: during the first decade, poverty and inequality increased across the continent, while in the second decade, they declined in all countries. This leads him to conclude that this pattern is “independent of the ideological tendency of the rulers of each country, which leads us to suppose that it is a trend favored by structural economic factors,” linked to the subcontinent’s mode of integration into the global system (Ospina, 2013, p. 175).



This is immediately apparent when comparing the cases of Ecuador and Colombia, two regimes that are, in principle, ideologically opposed. The Correa government prides itself on having achieved the best results in the fight against poverty in the region, claiming to have developed a social policy model that serves as a reference for the entire world. According to official data from Ecuador's National Institute of Statistics and Census (*Instituto Nacional de Estadística y Censos*; INEC, by its acronym in Spanish), during the first eight years of Correa's administration (2007–2014), national poverty measured by income fell from 36.7 to 22.5 percent, representing a reduction of 14.2 percentage points. However, according to Colombia's National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadística*; DANE, by its acronym in Spanish), the country's poverty rate –measured by income– fell from 45.06 percent in 2008 to 28.5 percent in 2014, accounting for a reduction of 17.4 percentage points. Following these indicators, Colombia would have reduced its poverty rate by 3.25 percentage points more than Ecuador with just a one-year difference, which, quoting French Nobel Prize-winning author Anatole France, would mean that “without lies, mankind would die of despair and boredom.”

Secondly, inequality and poverty indicators improved in the early 2000s because they had reached a conjunctural peak between the late 1990s and the beginning of the new century. However, in the second half of the decade, these indexes tended to stagnate as governments confronted structural inequality, despite little change in their overall indicators. The data, therefore, confirm that there was a drastic reduction in poverty –falling to half of what was recorded at the height of the crisis– followed by a gradual but continuous decline. At the same time, there was an increase in tax revenues, formal employment as opposed to underemployment, government social spending on education and health, monetary transfers and benefits to the poorest groups, and growth in school and university enrolment, among other factors. In Ecuador, for example, although poverty was halved between 2000 and 2010 (from 64.4 percent to 32.8 percent), this seemingly simple figure presents two key issues. First, it measures a moment of severe economic crisis in the country's recent history. Second, poverty had already declined significantly by the time Rafael Correa assumed the presidency: by December 2006, it had already fallen to around 37 percent (Ospina, 2013, p. 179).

The Gini Index was 0.56 in December 2000 and gradually declined to 0.50 by December 2010. A similar trend occurred in Bolivia, where the inequality index



stood at 0.59 in 2001 and fell to 0.50 in 2009 (Arze & Gómez, 2013, p. 119). Similar patterns can be observed in other countries of the region: poverty and inequality increased until reaching a peak during economic crises, followed by a decline in the subsequent decade. In Colombia, despite policies vastly different from those of Progressivist governments –and despite the reduction in poverty noted above– inequality remained virtually unchanged at around 0.58 (DANE, 2009).

What can be said about Progressivist governments is that, in several cases, their policies led to a more consistent and deeper reduction in poverty than in countries with conservative governments. However, it is not possible to draw definitive and universal conclusions regarding inequality. In some cases, such as the one mentioned above, the decline in inequality has been minimal, and it remains uncertain whether this trend will hold during periods of crisis

The third issue concerns the measurement of inequality. The data typically disseminated by governments are based on the Household Survey, which is considered a limited instrument for measuring the income of the wealthiest sectors. A study conducted by the Institute of Economics of Uruguay for the years 2009 to 2011, using microdata from personal income taxation and comparing it with data from the Continuous Household Survey (*Encuesta Continua de Hogares*; ECH, by its acronym in Spanish), revealed divergent results. The study found that “the difficulties of the ECH in capturing very high incomes tended to worsen over the period” (Burdín et al., 2014, p. 3).

A similar conclusion was reached by researchers from the Brazilian Institute of Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*; IPEA, by its acronym in Portuguese). Three researchers from this state institute combined data from household surveys with annual income tax returns and concluded that inequality remained stable, with no reduction, between 2006 and 2012 (Medeiros et al., 2015). In the cases of Uruguay and Brazil, therefore, the data supports the conclusion that inequality is greater than previously thought and, moreover, that it is not decreasing.

It must be noted that both groups of researchers are influenced, among others, by the studies of French economist Thomas Piketty on inequality. They point out that research on high-income groups is very scarce “due to the weakness of direct income and wealth taxation systems and the consequent shortcomings in the availability of high-quality tax information” (Burdín et al., 2014, p. 10).



In the case of Uruguay, the research confirms that inequality decreased between the 2002 crisis and 2012, the eighth year of the progressive governments of Tabaré Vázquez and José Mujica. However, it remained almost the same as it was at the end of the military dictatorship in 1986 (with a Gini coefficient of 0.42 and 0.40, respectively). When including groups with very high incomes and capital earnings, the picture changes, as among the wealthiest, income from capital surpasses wages as the primary source of earnings. The study focuses on the top 1%, 0.5%, and 0.1% of income earners. One key finding is that the share of income captured by the top 1% is three percentage points higher than what was detected in the Household Survey.

In 2009, the top one percent captured 13.8 percent of the country's income, increasing to 14.1 percent in 2011. The top 0.01 percent saw its share rise from 1.7 to 1.9 percent (Burdín et al., 2014, p. 36). This data indicates that the higher the economic level, the faster income grows. But there is more: one-third of the 0.01 percent's income comes from capital, which is not reflected in the official data. The top 0.5 percent captures more income than the poorest 40 percent, while the top 0.1 percent receives slightly less than what the bottom 30 percent earns.

The study's conclusions dismantle the official narrative that attributes the supposed decline in inequality to social policies and the creation of the income tax. For the *Frente Amplio* governments, this tax has been the main structural reform, yet it applies only to wage income. "The share of the top one percent of income remained constant during the period (although with a slight growth trend), at around 12.5-14 percent," the report highlights. Regarding tax reform, it points out that it is "a tax that generates a moderate redistribution in total income, labor income, and pension and retirement income, while being slightly regressive in relation to capital income," largely because "the income composition of the highest sectors is more tilted towards those capital incomes with higher exemptions" (Burdín et al., 2014, pp. 47–48).

The study conducted by the three IPEA researchers on Brazil covers a longer period, from 2006 to 2012. In this country, wealth concentration is significantly higher than in Uruguay. The richest one percent holds 24.4 percent of the nation's wealth –nearly twice as much. The study's first conclusion is that inequality remains highly stable. While official data indicates a consistent decrease in inequality over those six years, the data collected from income tax returns confirm that there was no decline but rather a "slight upward trend" (Medeiros et al., 2015, p. 975).



Similarly, the study finds that among the top 1% of income earners, there is greater resistance to a decline in inequality compared to the middle and lower classes. The researchers believe that their study still underestimates existing inequality, as the wealthiest individuals are more likely to evade or conceal their income. What is particularly noteworthy is that during the PT government, while poverty declined dramatically –with 40 million poor people incorporated into the consumer economy– inequality remained unchanged. Although Brazil experienced consistent economic growth during those years, half of that growth remained in the hands of the top 5%, while 28% was appropriated by the richest 1%. Barely 10% of the growth benefited the poorest segments of the population. “There are changes among the poorest 90 percent, but concentration at the top remains stable, especially among the richest one percent,” the researchers conclude (Medeiros et al., 2015, p. 982).

A subsequent update by the same research team reveals that the higher up the income scale, the faster wealth grew during those years. In 2006, the richest 10% held 51.1% of the nation’s wealth, rising to 53.8% in 2012. Meanwhile, the top 1% increased its share from 22.8% to 24.4%. The percentage of wealth captured by those at the very top is consistently higher –even under the “Progressivist” PT governments.

This set of data reveals that there was no real intention to challenge the top 1%. On the contrary, their wealth is likely continuing to grow during the current crisis, as preliminary data suggest. What occurred under Progressivism was a redistribution of income among the bottom 90%, excluding the top 10% –and, most notably, the 1%, which remains highly resistant to change. It is the wealthiest who drive inequality, yet no measures have been taken to address them.

In the case of Brazil, we have a study on inequality spanning nearly a century, from 1927 to 2013 –an exceptional historical series due to its long duration (Ferreira, 2015). Two key findings emerge from this research: first, inequality fluctuates over long periods rather than short ones; second, the underlying causes of its rise or decline are not tied to specific policies but rather to cycles driven by industrialization, the power of the dominant classes, the stability of their rule, and the ability of the subaltern classes to mobilize offensively. In PT-era Brazil, inequality levels are comparable to those recorded during the final years of the dictatorship (1964–1985) and even higher than those observed at the time of the approval of the current Constitution (1988), a period marked by intense labor and social conflicts.



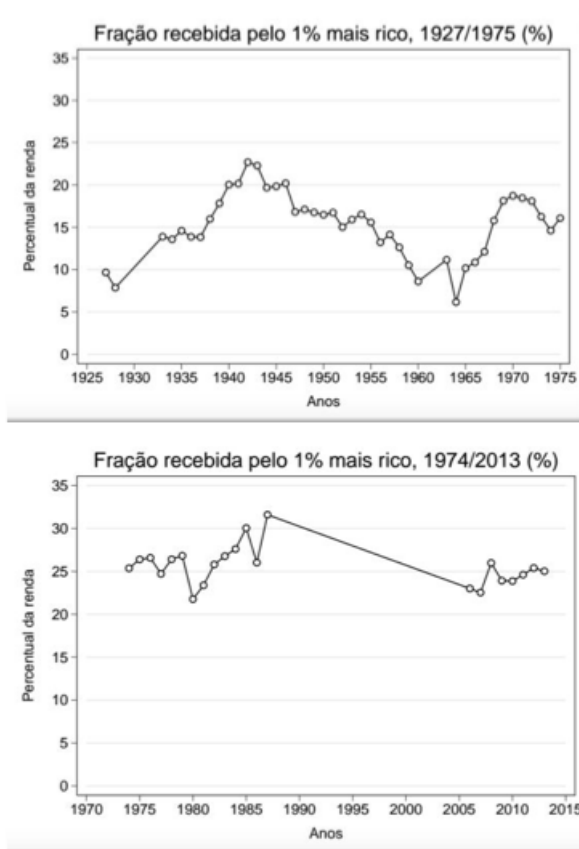
Ferreira de Souza, Castro, and Medeiros argue that both economic and political factors must be considered to explain changes in inequality. The repression imposed by the dictatorships played a significant role in exacerbating inequality. In 1965, shortly after the coup d'état, the top 1% held 10% of the nation's wealth. By 1968, this share had risen to 16% and continued to grow, reaching 25% by the late 1970s.²⁶

Class struggles play a significant role in the evolution of inequality, far more than compensatory social policies. Progressivism has opted, in the words of André Singer, former spokesperson for Lula's presidency, to promote a grand conservative social pact within the existing order—one that excludes social mobilization. However, this process has not prevented the wealthiest classes from opposing it. As Singer explains: "Since Lulism is a model of change within the order, and even reinforces the order, it cannot be a mobilizing force. This means that the conflict does not find political expression through parties, elections, or institutions. To such an extent that there is great frustration among the traditional middle class because there is no party that channels this hostility" (Singer, 2012). Without mobilization, inequality remains unchallenged.

On the other hand, social policies improve beneficiaries' incomes but do not alter their structural position. Research on one of the Brazilian government's flagship programs, *Minha Casa, Minha Vida* (*My House, My Life*), argues that it reproduces social injustice by relocating families from their original communities to higher-quality housing in peripheral areas, where they have limited access to the city.

Sociologist Melissa Fernandez Arrigoitia conducted research in Rio de Janeiro, where 22,000 families were resettled in preparation for the 2016 Olympic Games, 74% of whom received housing through the *Minha Casa, Minha Vida* program. These families had lived in "at-risk areas in the city center, where they had built their survival strategies." In some cases, such as the *Recanto da Natureza* (*Nature's Corner*) complex, they were relocated to 44-square-meter apartment blocks 50 kilometers from downtown Rio. Distance thus became a new form of marginalization. Many interviewees reported experiencing depression, which they attributed to the isolation caused by relocation. One key finding is that while housing conditions

26. In the case of Argentina, the series of wage labor remuneration in gross value added, from 1950 to 2007, shows a behavior almost identical to the evolution of inequality in Brazil. See Susana Kidyba and Daniel Vega (2015) *Distribución funcional del ingreso en la Argentina, 1950-2007*, Serie Estudios y Perspectivas N° 44, ECLAC, Buenos Aires.



[Percentage of income / Income received by the richest 1%, 1927/1975 (%) / Years]

[Percentage of income / Income received by the richest 1%, 1974/2013 (%) / Years]

improved, the projects did not contribute to human development. “Most of them started working from home, engaging in small-scale sales of cleaning products, beauty products, and computer repairs. Their income declined, as expenses for taxes, bills, and consumer goods increased” (Fernandez, 2015).

The program has already delivered 2.3 million homes to families earning less than 1,600 reais (US\$450) and is set to deliver 1.6 million more units. However, families cannot choose where they will live, and upon moving into their new homes, they find themselves in neighborhoods enclosed by walls and fences, where children must play on asphalt or in parking spaces and, most importantly, are disconnected



from their previous environments and ways of living. The program primarily benefits developers, who are granted large plots of land for construction and profit-making. Unlike in England or Germany, where the state intervenes to regulate the housing market in favor of the poorest through social rent schemes, Brazil lacks such mechanisms. The research concludes that “the program may end up perpetuating the state of marginalization of the beneficiaries” (Fernandez, 2015).

In the case of Ecuador, as a comparison between the moderate Progressivist government of the PT and a supposedly radical government in the region, following the 1999 financial crisis and the 2000 dollarization, the neoliberal governments prior to Rafael Correa attempted to stabilize the national economy and attract foreign investment through the construction of a new heavy crude oil pipeline (*Oleoducto de Crudos Pesados*, OCP, by its acronym in Spanish). The limited success of this initiative was due to the State’s minimal participation in the oil surpluses of private companies and the declining production and limited investment in State-owned oilfields. These factors restricted fiscal revenue from oil activities and diminished their role in stimulating the national economy (Larrea, 2004).

Beyond the weakness of those governments, this period unfolded under favorable conditions that can be summarized in two key points: first, the price of oil more than doubled, reaching US\$50.75 per barrel just before *Alianza PAIS*’s victory in the 2006 presidential elections; and second, the influx of substantial remittances from abroad, which increased from US\$1.084 billion in 2000 to US\$2.916 billion in 2006, driven by the massive exodus of Ecuadorian workers following the 1999 financial crisis.

The growth of Ecuador’s per capita income –from US\$1,336 between 1993 and 1999 to US\$1,514 during the decade 2000–2009 (Larrea, 2004) – triggered the “popularization” of the private financial system, characterized by easy access to credit for low-income families seeking to boost consumption. This process consolidated an emerging capital class that prioritized domestic market profitability –unlike the traditional oligarchy focused on agribusiness– and exacerbated the problem of monopolistic companies in Ecuador’s commercial market.

It was at this juncture that *Correismo* emerged, as a combined expression of both political and economic logics that developed in parallel (Machado, 2015). On the one hand, there was growing public weariness with a succession of ineffective governments marked by corruption and the delegitimization of the system; on the



Distance between Recanto da Natureza and downtown Rio de Janeiro (45.1 km)

other hand, there was the need for political representation of the emerging capital class, which, in conflict with the traditional agri-exporting oligarchy, advocated for the modernization of national markets to replace an archaic economic model based on the export of bananas, flowers, shrimp, and crude oil. Together, these four products accounted for 75% of Ecuadorian exports, with crude oil alone representing 54% of this total.

Thus, the State's active role in stimulating the economy –the defining feature of Ecuadorian 21st-century socialism– led to an increase in investment spending from 11.4% of the General State Budget in 2008 to 20.5% in 2013. At the same time, large economic groups operating in the national market saw their revenues grow by nearly 40%. In short, the largest companies in Ecuador benefited more during the Correa administration than in the years prior to his ascent to the presidency at the Carondelet Palace (Machado, 2015).

The data is striking: while the government boasts of having lowered the Gini Index from 0.54 in 2007 to 0.48 by the end of 2012 (currently reported at 0.47), the income of the 300 largest companies operating in the country –and their share of national GDP– has increased. In 2006, with a GDP of \$46.8 billion, Ecuador's 300 largest companies earned \$20.36 billion, accounting for 43.6% of GDP. Six years later, in 2012, with a GDP of \$84.7 billion –nearly double that of 2006– these same companies earned \$39.29 billion, representing 46.4% of national GDP. Today, with a GDP of slightly



more than \$101 billion, market concentration has intensified even further. We are witnessing increasing monopolization by the most dominant companies in Ecuador's market, meaning that those who already earned the most are now earning even more.

The issue becomes even more critical as the relative increase in the population's purchasing power—which has facilitated a domestic policy centered on consumption—has led to a sharp rise in household indebtedness. According to a recent study by the Pichincha College of Economists, 41% of Ecuadorian households spend more than they earn, with the highest levels of debt concentrated among those with the lowest incomes.

Understanding the current indebtedness of more than 400,000 Ecuadorian families—given that the average household size in the country is four people—also requires considering a set of additional factors: the relaxation of consumer credit conditions aimed at stimulating consumption, the lack of financial education among popular and lower-middle-class sectors, and the complicity between the financial system, big business, and political authorities, which fuels the ongoing consumerist boom.

The Ecuadorian Treasury recognizes the presence of 118 large economic groups operating in the national market, of which 16 control the majority of the economy. Fiscal and productive policies implemented in recent years have enabled a series of tax exemptions, ensuring that the tax burden does not fall on large companies. As a result, they contribute only 15% of the total income tax revenue.

On the other hand, the governing party *Alianza PAIS* included the Urban Revolution initiative in its 2013–2017 electoral program, succinctly defining it as follows: “We will work to combat lawlessness in the cities: invasions and land trafficking. This is one of Ecuador's greatest challenges.”

In practice, this translates into periodic evictions, particularly in the city of Guayaquil—the country's second most important city and the largest in terms of population—justified in the name of the “good living” of the population. The most emblematic case occurred in Monte Sinai, a popular neighborhood on the urban periphery of a city that has historically expanded through irregular settlements. According to the 2010 statistical census, Guayaquil has approximately 2.3 million inhabitants, 70% of whom live in poverty.

According to data compiled shortly before the most brutal intervention suffered by its inhabitants, 1,500 police and military troops burned the reed houses



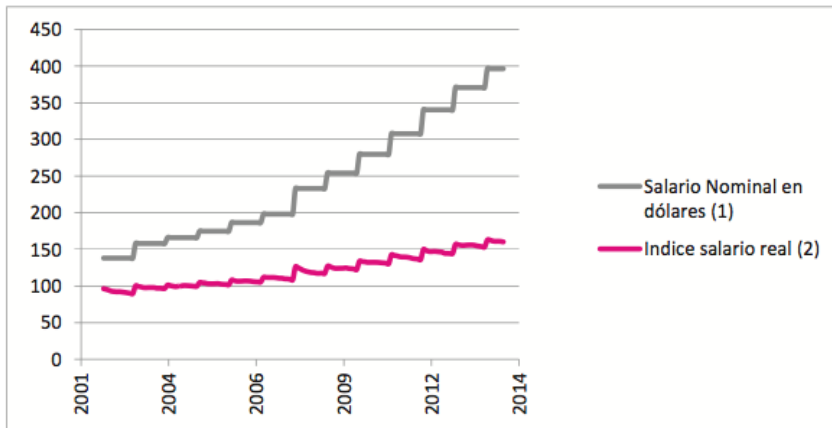
built by a large portion of Monte Sinai's residents on May 10, 2013. The municipality of Guayaquil estimated that approximately 6,465 low-income families sought housing annually in the city, implying a demand of 39,000 homes over the past six years. However, according to data from the Ministry of Urban Development and Housing (*Ministerio de Desarrollo Urbano y Vivienda*; Miduvi, by its acronym in Spanish), the total number of housing subsidies –financial aid for low-income sectors– granted throughout Guayas province between 2007 and 2012 amounted to only 12,360. During the same period, the municipal government built just 3,145 homes. In short, during the Correa administration (2007–2012), prior to the evictions, the housing deficit in Guayaquil –already estimated at 75,000 units in 2006– remained largely unaddressed.

According to the study *Monte Sinai: The Inheritance of the Vulnerable* by the *Hogar de Cristo* Foundation, nearly 30% of the area's population has a monthly income of less than \$40, 48% of households have only one employed member, and in 16% of families, no member is employed.

These conditions made it impossible for most settled families to access housing through state-sponsored residential programs. Although these programs are subsidized, they require savings commitments from buyers that a large portion of the affected population is unable to meet (Machado, 2013).

These official programs, designed within a market-driven logic, follow the *Ciudad Victoria* housing model –a development where homes measure just 38 square meters and include two rooms, an insufficient space for the typical size of working-class families. Additionally, those eligible for rehousing must give up their small farm animals and the crops that previously helped alleviate their daily food needs. State planners, popularly and ironically referred to as “happiness planners,” euphemistically describe these uniform housing complexes –clearly *ghettos* designed for the poor– as *Cities of Well Living*.

Lorena Zárate, an international specialist in urban models, stated in an interview conducted at the height of the events that “the model applied by Miduvi originated in Chile during the military dictatorship of General Augusto Pinochet. It was later refined and promoted by the World Bank” (Machado, 2013). In fact, a year before the first evictions in Monte Sinai, in May 2012, Ecuador signed a \$75 million loan agreement with the Inter-American Development Bank (IDB) to implement the so-called National Urban Development Plan over a five-year period, covering an



Fuente: Banco Central del Ecuador (2014)

Elaboración: Proyecto Balance Crítico

Notas de la fuente: (1) Se obtiene sumando al Salario Básico Unificado, el promedio anual de la décimo tercera remuneración y el promedio anual de la décimo cuarta remuneración; (2) Es el valor nominal promedio dividido para el índice de precios al consumidor del mes de referencia. Está expresado como índice cuya base es 2004=100. Este cuadro puede verse también en la Información Estadística Mensual del BCE

Wage increases in Ecuador between 2001 and 2014.

[- Nominal Salary in dollars (1) / -Real wage index (2)

Source: Central Bank of Ecuador (2014)

Elaborated by: Critical Balance Project

Source notes: (1) It is obtained by adding to the Unified Basic Wage, the annual average of the thirteenth and the annual average of the fourteenth remuneration.

(2) It is the average nominal value divided by the consumer price index of the month in which it was calculated. consumer price index of the reference month.

This table is expressed as an index whose base is 2004=100. can also be found in the ECB's Monthly Statistical Information.]

intervention in the 1,300-hectare area. However, Zárate points out that “research on the matter indicates that with an investment of approximately \$10,000 per house, and with the participation of future residents in the construction process, it is possible to build homes of up to 90 square meters, fostering an organized social fabric and co-participation in the city model to be developed.”

Based on the above, progressivist governments should ensure that when designing and planning social housing projects, these initiatives prioritize the well-being of the low-income populations they serve, rather than catering to the demands



of the private sector. Developers, through the standardization of construction systems and the small size of housing units, create ghettos for the poor, profiting significantly despite the low prices they receive –thanks to the low wages paid to the labor force involved in the construction process.

As we can see, parallels and patterns emerge in models of population displacement and the speculative redesign of large urban centers, regardless of the political orientation of the governments involved.

b) Social policies at the service of financial capital

Brazil's major banks are reporting the highest profits in their history. In the third quarter of 2015, Itaú, Bradesco, and *Banco do Brasil* posted profit margins of 15%. During the eight-year presidency of Fernando Henrique Cardoso (1995–2003) –at the height of the neoliberal period– bank profits grew between 10% and 11%. Under Lula's administration (2003–2011), they reached 14%. This apparent paradox warrants an explanation.

Economist Carlos Lessa, former president of BNDES during Lula's first administration, explains that PT governments prioritized household indebtedness, emphasizing private consumption over public consumption. "Instead of increasing investments in health, education, infrastructure, urban mobility, and public safety, the resources generated by the boom in emerging markets and the prosperity of that period (2007–2010) led Brazil down the path of rising private indebtedness" (Lessa, 2015).

It is a model that stimulates consumption, leading to car purchases in up to 60 installments with exorbitant real interest rates that primarily benefited the banks, explains Lessa in an extensive interview where he analyzes this failed approach. The economic development model promoted led to an annual 9% increase in the number of cars on the road, yet without any corresponding investment in urban infrastructure. This policy gained the support of a population eager to consume –many of whom had never owned a car, consumer goods, taken vacations, or purchased quality clothing. As a result, we now face a reality in which the *Bolsa Família* (*Family Allowance*) program provides aid to the poorest while simultaneously boosting the profits of the financial sector.

His conclusion is that it was a misguided policy, now facing widespread rejection.



Economic activity can be stimulated through household indebtedness, but long-term sustainability can only be ensured by expanding the volume of quality employment to increase production capacity. What happened in Brazil in recent years was the stagnation and dismantling of industrial activity, alongside the expansion of agro-industrial production (...). It is clear that as an economy grows, so too does the volume of credit and debt for individuals, families, businesses, and the public sector. This is a natural consequence of economic growth. However, relying on household debt as the primary driver of economic expansion is a flawed approach (Lessa, 2015).

In the absence of structural reforms capable of reducing extreme inequality and improving people's lives, the end of the high *commodity* price cycle leads to economic slowdown. As growth weakens, incomes, employment, and wages decline, leaving families unable to repay their debts. The State also faces financial strain, forcing it to reduce public spending.

Additional criticisms could be made: promoting consumption as a means of social integration depoliticizes the popular sectors. However, this may have been the true objective of the Lula government –seeking to appease both the lower and upper classes while avoiding social conflict.

To fully grasp the picture outlined by economist Lessa, it is essential to understand how social policies promoted mass consumption and widespread indebtedness –ultimately benefiting the financial system while increasing the dependency of the very popular sectors they were meant to support. A summary of economist Lena Lavinas' analysis (2015: 34):

Social policy serves to reinforce a development model based on consumption, promoting the transition to a mass consumption society through financial system access. The defining feature of this social development model is its integration of financialization into the entire social protection system –whether through access to credit markets or the expansion of private health plans, educational loans, and similar mechanisms. As a result, we are witnessing an accelerated financialization process, which leverages the social protection system to overcome the barrier of structural heterogeneity –a factor that has historically hindered the expansion of market-driven societies in Latin America.

She reaches these conclusions after analyzing how credit growth is directly linked to social policies that drive household indebtedness and increase the vulnerability of the popular classes. She argues that Brazil's social security system –comprising



welfare, assistance, and healthcare—established by the 1988 Constitution, has been a key factor in the country’s transition to a consumer society by facilitating access to the financial system. Sixty percent of social spending consists of monetary transfers, “while the provision of de-commodified services remains marginal and below what is legally mandated” (Lavinás, 2015: 37).

The expansion of social security benefits has contributed more to poverty reduction than targeted welfare programs: it lifted 21 million people out of poverty and 19 million out of extreme poverty, compared to 7 million and 4 million, respectively. In contrast, the *Bolsa Família* program is not an established entitlement, as not all eligible beneficiaries are covered. Although the program serves 14 million families with monthly transfers of 170 reais (\$45), between 800,000 and 2.5 million families are excluded. This is because the program “is not subject to the same regulations that govern other social benefits, such as the annual indexation of the poverty line and the adjustment of benefit values for families, both of which are left to the discretion of the federal government” (Lavinás, 2015: 40). In sum, *Bolsa Família* should be considered a targeted program rather than an entitlement-based one. While the reduction in poverty—from 34% of the population in 2001 to less than 10% in 2013—is a positive achievement, it masks the fact that beneficiaries have not acquired legal rights, leaving them vulnerable to cuts at the discretion of the government.

The *Unified Health System* (*Sistema Único de Saúde*; SUS, by its acronym in Portuguese), which is meant to be unique, universal, and free, remains underfunded, effectively pushing families into the private sector—a situation that warrants separate consideration. In fact, private household health expenditures account for 5% of GDP, while SUS spending represents only 3.8%. Despite covering just 25% of the population, the private sector holds 62% of hospital beds, two-thirds of diagnostic and treatment equipment, and 64% of MRI machines. As a result, between 2003 and 2013, the number of private health plan holders increased by 41%, reinforcing the argument that public policies in this sector “are designed to strengthen financial capital and advance the full commodification of health” (Lavinás, 2015: 44). A similar trend, albeit on a smaller scale, can be observed in education, where commercialization is encroaching upon what is supposed to be a public service.

Since 2003, under the PT administration, a steady expansion of credit has been promoted, beginning with payroll-deducted loans, which were extended in 2004



to retirees and pensioners, and later to *Bolsa Família* beneficiaries, thus granting the poorest sectors access to the credit market. The cycle of financial inclusion –described by Lavinás as the new mantra of neoliberalism– is completed with the Banking Inclusion Project, which brings financial services to participants in poverty reduction programs. The expansion was staggering: in 2001, credit represented 22% of GDP; by 2014, it had surpassed 58%. Among the poorest, the number of individuals with access to credit cards and checking accounts nearly doubled. Thus, while wages grew by 80% between 2001 and 2015, individual credit increased by 140% (Lavinás, 2015: 47).

But then the crisis hit. Along with it came a surge in interest rates, which in the commercial sector exceeded 5% per month. The result was catastrophic: by 2015, household debt with the financial system consumed 48% of their income, compared to just 22% in 2006 –hence the staggering profits of the banks. Among the middle class, specifically the so-called *Class C* by income level –where the majority of Brazilians belong– 65% of their income is allocated to financial service payments. Are there, or are there not, reasons for protest, anger, and frustration when, after twelve years of progressivism, they find themselves trapped by financial capital?

The immediate future points to a massive wave of household *defaults*. This situation is even more severe for the poorest, as they risk losing the little they have. Between 2003 and 2013, the rate of access to sanitation among the poorest 10% of the population increased from 25% to 35% –a modest improvement. However, during the same period, cell phone usage skyrocketed from 10% to 80%, while consumption of imported appliances grew by 34%.

Among the many conclusions that can be drawn from this reality, one is that the monetized and non-universal social policies of Brazilian progressivism ultimately benefited financial capital. By integrating millions of previously unbanked individuals into the credit system, these policies have left the poorest sectors more vulnerable, more dependent, and increasingly subordinated to major banks. This dynamic appears to align with the needs of Brazilian capitalism in its current phase of accumulation.

Further studies across other countries in the region are necessary to determine whether the “*Brazilian model*” is being replicated throughout the broader progressivist movement. However, preliminary observations from Argentina, Ecuador, and Uruguay suggest that they are following a similar trajectory.



c) More repression to sustain privileges

No one is better suited than Michel Foucault to help us understand the emergence of systemic mechanisms of violence that have evolved across different historical periods, perpetuating a tendency toward an increasingly repressive yet subtle model. It is, on the part of power, a matter of establishing a new form of collective discipline –one that imposes increasingly strict control over individuals, legitimized through a scientific discourse encompassing technical, juridical, and legal dimensions.

It is enough to examine the extensive body of legislation implemented in several of these countries in recent years –legislation that incorporates disciplinary obligations reinforced by modern security mechanisms– to observe how the State, under the guise of “protection,” has enlisted mechanisms of social control and discipline. Thus, following Foucault, “at first sight and in a somewhat schematic way: sovereignty is exercised within the limits of a territory, discipline is exercised over the bodies of individuals, and security, finally, is exercised over the whole population” (Foucault, 2011: 27).

Throughout the South American region, repression is on the rise –both in countries governed by conservatives and those led by progressivist administrations. While repression manifests differently in each nation, the overarching trend is an intensification of police and special forces crackdowns on social movements, collective protests, and expressions of dissent. What remains common across all countries is the dominance of the extractivist model, which fosters exclusion, and the resurgence of social movements. Notably, under certain progressivist governments, after an initial period of reduced repression, the return of street protests and renewed social mobilization has been met with an escalation of repressive tactics.

The most notable examples of this shift are Argentina and Brazil. In the former, the early years of Néstor Kirchner’s administration saw clear progress in limiting repression against widespread demonstrations and road and street blockades. However, at the same time, repression also intensified in Ecuador, Bolivia, and Uruguay, each case exhibiting distinct national characteristics.

In Ecuador, there has been significant repression of the Indigenous movement and social movements in general –a persistent trend under Rafael Correa’s government. From the outset, his administration maintained conflictive relations with CONAIE and other social and labor organizations. The Ecuadorian case is perhaps



the most well-known example of the criminalization of protest under progressivist governments. Moreover, following the approval of a constitutional amendment on December 3, 2015, which grants the armed forces authority over citizen security, all indications suggest that repression will intensify.

The last significant episode of repression occurred during the police and military crackdown that followed the “Indigenous Uprising” between August 2 and 26, 2015, when dozens of Indigenous collectives and other opposition social forces mobilized against the Correa government. According to a report by the *Ecuadorian Psychosocial Research and Action Collective* (*Colectivo de Investigación y Acción Psicosocial*), there were 229 documented cases of “aggressions, arrests, attempted arrests, and raids in all the territories where mobilizations and protests took place,” particularly in the Amazon and southern Sierra provinces (PLAN V, 2015).

Approximately two out of every three victims of state violence were detained, indicating a deliberate strategy to control protests, according to the report. The charges brought against the detainees include “sabotage and terrorism, paralyzation of public services, attack or resistance to public force, possession of weapons, and incitement to discord.” However, the majority of those accused have been prosecuted for paralyzation of public services (57 cases) and attack or resistance to public force (42 cases). Needless to say, the protests were led by popular sectors, meaning that the vast majority of those prosecuted come from impoverished backgrounds.

In Ecuador, repression has been a constant feature of the Correa regime. The first major precedent dates back to just days before the installation of the Constituent Assembly, during the so-called “*Dayuma events*” in late November 2007. At that time, several human rights organizations denounced severe human rights violations in a crackdown involving the armed forces and backed by the government. The operation targeted Amazonian inhabitants mobilized to demand social improvements and infrastructure for their small community.

The previous Ombudsman –just before being forced to leave his post– explicitly acknowledged in a report from December 2011: “In our country, there is evidence of the criminalization of activities carried out by human rights defenders and defenders of nature, particularly when they oppose the development model implemented by the Ecuadorian State” (Defensoría del Pueblo, 2011).

According to the International Federation for Human Rights (FIDH, by its acronym in Spanish), the criminalization of social protest occurs when “justice



becomes a weapon of repression against land rights defenders instead of a mechanism for ensuring compliance with human rights standards.” This process takes various forms, including judicial harassment of movement leaders, organization members, and community representatives through different criminal charges, as well as the implementation of administrative measures against organizations –all of which are often accompanied by rhetoric that delegitimizes their work” (FIDH/OMCT Observatory, 2014). This is precisely what is happening in this small Andean country.

The report *Criminalization of Social Protest Against Extractive Projects in Ecuador*, prepared in 2015 by the same FIDH, the Ecumenical Human Rights Commission (CEDHU, *by its acronym in Spanish*), and the Regional Human Rights Advisory Foundation (INREDH, *by its acronym in Spanish*), identifies –by analyzing several cases of judicial prosecution of various leaders of indigenous communities and nationalities– the strategy of social criminalization applied by the Correa government against social organizations and leaders who oppose the aggressive extractive development model.

The same report highlights how criminal law is used to prosecute rights defenders in retaliation for their work, how the space for civil society action in the context of protests and demands has been restricted, and how the tendency to criminalize social protest is increasing and worsening, particularly affecting women and indigenous communities.

The criminalization and repression of social protest sponsored by the Correa regime are clear indicators of the accelerated regression of Ecuador’s political process, as they openly contradict the right to “resistance against actions or omissions of public power,” recognized by the current constitutional text, which was approved in a popular referendum by the Ecuadorian people. In fact, the Constituent Assembly had already emphasized the amnesties granted in 2008 to approximately 400 defenders of nature and the need to consider the political nature of their acts of resistance: “They are political acts insofar as they are oriented toward the public good, even though those who oppose them characterize them as criminal. It is necessary, therefore, to distinguish political acts of protest, exercised as a right of resistance, from various types of common crimes” (Constituent Assembly, 2011).

At the same time, in the Amazonian indigenous communities in the south of the country, there is widespread outrage over the lack of investigative results from



the Ministry of the Interior and the resulting impunity surrounding the murders of José Tendetza, former president of the *Shuar Yanúa Kin* community in Zamora Chinchipe, Fredy Taish, and Bosco Wisuma –all of them prominent opponents of the extractive model implemented by the Correa government.

At present, the cases documented in the report by FIDH, CEDHU, and INREDH, along with many other judicial files opened against defenders of nature and ancestral territories in the country, point to accusations of rebellion, sabotage, and even organized terrorism as part of the social disciplining strategy adopted by the Correa government to intimidate dissidents and suppress social resistance in communities affected by extractive activities. All this in a country where the president makes such absurd statements as: “Where in the Communist Manifesto does it say no to mining? Socialist countries have traditionally been mining countries. What socialist theory says no to mining? It is the postmodernist pseudo-intellectuals who bring all these problems into an endless discussion. There is no room for doubt—abandoning the extractivist model is wrong” (Punto Final, 2012).

For his part, the former secretary general of the ruling party and former private secretary to the president—now appointed as Ecuador’s ambassador to UNESCO –when questioned about the lack of independence of the judiciary from the executive, stated: “When they talk about the division of powers, when they mention Montesquieu’s trilogy... isn’t it time to ask, in political history, whether this is a divine law? Who determined that this must exist?” (El Universo, 2012).

As evidenced by the statements above, the Correa regime is not guided by an ideology; Correísmo itself lacks ideology and operates instead through a technology of power. To achieve this, it relies on a disciplining logic that normalizes society, fragments individuals, establishes procedures for progressive training and continuous control, and labels as inept or incapable those sectors that cannot be domesticated.

In Bolivia, the headquarters of CIDOB and CONAMAQ were forcibly taken over by the government, with the support of the police, in order to install its own supporters in leadership positions.

At the beginning of the MAS government, the Unity Pact was established between the main farmers’ and indigenous organizations, forming the government’s core support platform. These organizations included the Bolivian Confederation of Rural Workers’ Unions (*Confederación Sindical Única de Trabajadores Campesinos*



de Bolivia, CSUTCB, by its acronym in Spanish), CONAMAQ, CIDOB, and the National Federation of Indigenous Farmer Women of Bolivia (*Federación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia "Bartolina Sisa"*), among others.

At the end of 2011, CIDOB and CONAMAQ, which had supported the march against the highway that would cross the TIPNIS (Indigenous Territory and Isiboro Sécure National Park), decided to withdraw from the Unity Pact, arguing that "the Executive Branch has skewed the participation of indigenous organizations, prioritizing those affiliated with MAS with the aim of directly affecting our territories, cultures, and natural resources" (CIDOB-CONAMAQ, 2013).

From that moment on, the government of Evo Morales sought to neutralize the two main social organizations critical of the process of change. In June 2012, CIDOB denounced "the interference of the government with the sole purpose of manipulating, dividing, and undermining the organic and representative bodies of the indigenous peoples of Bolivia" (Zibechi, 2014). A group of dissidents, with government support, refused to recognize the existing authorities and called for an "extended commission" to elect new leadership.

In December 2013, a group of CONAMAQ dissidents "close to MAS" took over the organization's premises, beat and expelled those present with the support of the police, who remained stationed at the headquarters, preventing the legitimate authorities from reclaiming it (Zibechi, 2014). The organization's statement asserts that the coup against CONAMAQ was carried out to "approve all policies against the original indigenous movement and the Bolivian people, without anyone being able to say anything." A defining characteristic of Evo Morales' government is its strategy of confronting and dividing popular organizations, mobilizing like-minded groups to attack those that oppose its policies.

In Uruguay, social protest reached a significant peak in August 2015 due to a series of strikes and walkouts in the education sector, led by teachers and students who halted activities in schools, colleges, and universities. Their demand was an increase in education spending at a time when parliament was debating the national budget. The government of Tabaré Vázquez declared educational services essential—a measure that entailed the dismissal of striking workers—in an attempt to break the teachers' strike through summary proceedings and mass layoffs.

It was the first time since 1985 that such a measure had been imposed—one that had not even been used by neoliberal governments. The response was drastic:



thousands of teachers gathered in front of the union headquarters in a clear display of defiance against authoritarianism. The central union called for a general strike, and a march of 50,000 teachers and students protested against Vázquez's decree, while fifty educational institutions were occupied. The Broad Front was divided. Only the right wing fully supported the president.

The cases of Brazil and Argentina should be analyzed in detail, not only due to the importance of these countries but also because they exhibit different patterns of repressive models, although at certain points they may be considered complementary.

The 2015 annual report of the *Center for Legal and Social Studies* (CELS, by its acronym in Spanish) states that there has been a regression in the State's response to roadblocks. According to this analysis, since Néstor Kirchner took office in 2003, there has been a shift in policy towards protests, favoring a deterrence model rather than a repressive one and prohibiting police officers from carrying firearms during demonstrations. In fact, between 2003 and 2010, there were no deaths or serious injuries in protests involving federal forces (CELS, 2015: 290).

However, 2010 marked a turning point when federal and metropolitan police forces caused two deaths in December during the occupation of *Parque Indoamericano*. The period in which an attempt was made to "limit police self-governance" by defining a protocol of "minimum criteria" for police action during demonstrations was definitively interrupted in 2013, signalling a regression for the agencies responsible for repression. In 2014, the report states that "the federal security forces failed to comply with each of the standards of action that for more than a decade had been incorporated into their internal rules and doctrine" (CELS, 2015: 292).

According to the aforementioned center, the policy of non-repression was unprecedented and represented one of the greatest advances in human rights over the decade. However, it also acknowledged "its weak normative institutionalization, the instability of its enforcement over time and across different areas of the national territory, and the inconsistent incorporation of its principles in the training of security agents" (CELS, 2015: 293).

However, other analyses do not seem to align with this assessment. The report by the *Coordinating Committee Against Police and Institutional Repression* (*Coordinadora Contra la Represión Policial e Institucional*, CORREPI, by its acronym



in Spanish), titled *A Society of Privileges is Sustained by Repression*, lists cases of “easy trigger” (police killings), deaths in prisons and police stations, as well as victims of repression during protests.

As of November 2015, a total of 4,644 people had been killed: 49 percent were between 15 and 25 years old, 3 percent were 14 or younger, and 27 percent were between 26 and 35 years old. Forty-six percent of the cases were classified as “easy trigger”, while 39 percent involved individuals killed while in police custody

The most telling and truly concerning aspect is the chart illustrating the evolution of police killings by government administration. During Carlos Menem’s ten-year presidency (1989–1999), an average of 68 police killings were recorded annually. His administration was brutally neoliberal, privatizing all state enterprises, which were handed over –almost given away– to foreign companies. It was a repressive and anti-popular government.

However, during the ten years of Kirchner and Fernández’s administrations (2003–2015), the police were responsible for an average of 246 deaths per year –four times more (see table).²⁷ Despite this, these governments took human rights seriously, removed part of the police leadership due to corruption, and insisted on a policy of non-repression, based on what CELS calls “political control” of the security forces. This phenomenon must have an explanation, though, so far, it does not seem straightforward.

The first impression is that when there is a surge in repression –such as what occurred around 2001 due to the rise of the popular movement– repressive levels do not revert. In fact, the number of deaths under Menem increased compared to the previous decade (Correpi points out that there was underreporting), and after the hyperinflation of 1989 and the struggles against privatization, the figures never returned to the levels of the 1980s. During the administrations of Néstor Kirchner and Cristina Fernández, there were more cases of “easy trigger” incidents than in the 1990s. In several years, the number of deaths exceeded that of the violent events of 2001, when the December 19 and 20 uprising, thousands of roadblocks, and hundreds of supermarket lootings took place.

A watershed year stands out clearly: 2010. That year saw a sharp increase from 231 deaths in 2009 –already a high figure compared to previous years but still

27. The 2015 data covers only ten and a half months, despite which 227 deaths have already been recorded.



within expected parameters— to 291, marking a 25 percent rise. At this point, there is a convergence between the analyses of CELS and CORREPI, as the resurgence of social protest may have been a key factor behind the rise in repression and fatalities. However, CORREPI highlights the role of repressive outsourcing through “*patotas*” –vandal groups composed of civilians– that have played a significant role in repression, intimidation, and the harassment of demonstrators and political opponents. This phenomenon appears to be linked to the self-governance of the police force, an issue that authorities have attempted to limit but which, over the years, has revealed its constraints.

In Argentina, police violence is primarily directed at marginalized sectors of the population, as seen in Córdoba, where a report by the University of Córdoba presents alarming data: between 2003 and 2013, the number of police personnel increased from 13,000 to 27,000, while the number of detainees grew exponentially, from 8,960 in 2005 to 73,100 in 2011. The vast majority of these arrests were carried out under the Code of Misdemeanors, using charges such as “loitering” and “public disturbance” (Brocca et al., 2013).

There are 200 arrests per day in a city of one million inhabitants. About 60 percent of those detained are poor individuals living in peripheral areas. A significant proportion wore caps or had long dreadlocks, and nearly all were convinced that they were arrested because of their appearance –a practice known as “*portación de rostro*” [face carrying]²⁸ meaning they were targeted for being young, dark-skinned, and poor. Arrests are usually carried out by members of the Preventive Action Corps, a force that operates independently from local police stations and has its own centralized command structure.

In Brazil, there is a long-standing history of repression rooted in racial and class-based discrimination, as well as a new wave of repression against social protest, triggered by the June Days protests in 2013. Additionally, an anti-terrorism law that criminalizes street demonstrations is in the process of being approved, severely restricting fundamental rights to protest and free expression.

The *Violence Map* reports that between 2002 and 2013, violent deaths among white individuals decreased by 24.8 percent, while those among black individuals increased by 38.7 percent, despite no significant change in the overall homicide rate. In 2002, 73 percent more black people were killed than white people, but by

28. TN: Another way of saying *racial profiling*.



2013, this disparity had risen to 146.5 percent, indicating that the death rate among the poor, black, and favela populations had doubled (Waiselfisz, 2015: 184).

In explaining this contradictory phenomenon, the report commissioned by the Presidential Secretariat highlights three key factors. *First*, the growing privatization of security –parallel to similar trends in health and education– benefits the white upper classes living in affluent neighborhoods. *Second*, while health and education are part of the electoral debate, the issue of security in marginalized communities is rendered invisible by the media, which prioritizes concerns over safety in middle- and upper-class areas. *Finally*, the normalization of violence against the poor, Black individuals, women, children, and adolescents serves a clear disciplining function

In its conclusions, the report states that although there are no changes in the overall data, there have been “*profound transformations in the internal logic of violence: the increasing selectivity of those to be killed*” (Waiselfisz, 2015: 150)

On the other hand, there have been fundamental changes in the methods of repressing social protest. The first notable observation is that June 2013 marked a watershed moment, bringing mass protests back to the streets of Brazil –something that had not happened since the PT took office in 2003. During the 2014 World Cup, the Brazilian state criminalized those attempting to demonstrate, surrounding

ASESINADOS POR LA REPRESIÓN ESTATAL POR GESTIÓN

1983-2015

<u>GESTION</u>	<u>FECHA</u>	<u>CASOS TOTALES</u>	<u>%</u>	<u>CASOS POR AÑO</u>
ALFONSIN	DIC 83/JUL 89	116	2,50	21
MENEM	JUL 89/DIC 99	706	15,20	68
DE LA RUA/ ALVAREZ	DIC 99/DIC 01	482	10,38	241
SAA/DUHALDE	DIC 01/MAY 03	265	5,71	175
N. KIRCHNER	MAY 03/DIC 07	988	21,27	215
C.FERNANDEZ	DIC 07/DIC 015	2.082	44,83	260
GESTIONES K	MAY03/DIC 015	3.070	65,1	246
TOTALES	DIC83/DIC015	4.644	100,00	145

Fuente: CORREPI

[KILLED BY STATE REPRESSION, DATA BY PRESIDENT TENURE]

[Management / Date / Total Cases / Cases per year]

[Totals]

[Source: CORREPI]



rallies with a significantly larger police presence and restricting the movement of those trapped inside the cordon for hours.

Since the Lula administration approved the National Defense Strategy in 2008, the participation of the armed forces in internal operations has been institutionalized. In 2013, the Brazilian Ministry of Defense published the *Law and Order Guarantee Manual*, which defines the role of the armed forces in internal security operations.

Even though the manual includes several blank pages whose content has not been disclosed, it explicitly states that the armed forces will intervene to restore order against “*opposing forces*.”

When defining which forces are considered opponents, the manual states: “movements or organizations” and “individuals, groups of individuals, or organizations acting autonomously or infiltrated in movements.” When listing the “main threats,” it identifies them as “blocking public roads; urban riots; invasion of rural or urban, public or private properties and facilities; paralyzing productive activities; and sabotage in the premises of major events,” among the most prominent (*Ministério da Defesa*, 2013). In short, much of the repertoire of social movement actions is criminalized.

The NGO Artigo 19 monitored 740 demonstrations between January 2014 and June 2015 in São Paulo and Rio de Janeiro, highlighting a shift from the generalized violence against protesters in June 2013 to a strategy aimed at “preventing protests before they start” (Artigo 19, 2015: 17). To achieve this, new techniques were deployed, such as kettling (encirclement or containment of protesters) and the participation of the so-called *Tropa do Braço* or *Ninja Troop* –agents trained in martial arts to immobilize demonstrators. Kettling is a technique that even violates the principles outlined in the *Riot Control Manual* of the Brazilian Military Police. The manual explicitly states: “The crowd should not be pressed against physical obstacles or other troops, as this will lead to confinement with violent and undesirable consequences” (Manual of Civil Disturbance Control of the Military Police, item 3.2.1). These techniques were once again implemented during the first mobilizations of 2016 in São Paulo, organized by the Passe Livre Movement in protest against new public transportation fare hikes.

But there is also institutional intimidation by the State through threats and the intervention of the justice system even before demonstrations take place,



arresting individuals suspected of planning violent acts. This repressive approach also affects journalists covering these collective actions. The Brazilian Association of Investigative Journalism (*Associação Brasileira de Jornalismo Investigativo*, ABRAJI, by its acronym in Portuguese), in a bulletin published on July 14, 2014, reported that 210 journalists had been assaulted since May 2013, 169 of them by police officers.

The report highlights the contrast between the widespread repression of 2013 and the more selective yet relentless repression of 2014, as well as the tolerance shown toward the actions of the far right, which took to the streets against President Rousseff in 2015. Indeed, during the massive anti-government demonstrations, there was no repression. The São Paulo protest on March 15 included a far-right group carrying explosive and combat devices, yet the police chose to act specifically against that group without affecting other demonstrators or employing aggressive methods against the violent individuals (Artigo 19, 2015: 18).

Sociologist Rudá Ricci argues that one of the main legacies of the World Cup is the deterioration of the rule of law and the legitimization of abuses by the Military Police. This time, however, repression was not limited to targeting poor and Black individuals from the peripheries; it also extended to middle-class university students through “search and arrest warrants issued as a form of intimidation” to prevent mobilization. He asserts that “there are strong signs of a fascist culture in this offensive against fundamental democratic rights” (Ricci, 2014).

In the favelas, repression has always prevailed over the rule of law. However, this logic is now expanding further to suppress protests and create a climate of fear that discourages social activists, warning them that the full force of the State will be brought down upon them.

In addition to the continuity of repressive practices against the poor black population, which the campaign “*Reaja ou será morta, Reaja ou será morto*”²⁹ [*React or be killed*], characterizes as genocide against Black people –and the new, systematic repression of protesters, the Senate approved the Anti-Terrorism Law in October 2015 with the support of the Rousseff government and a faction of the Workers’ Party (PT). A group of UN special rapporteurs criticized the approved text, arguing that its overly broad definition of terrorism could restrict fundamental freedoms (Opera Mundi, 2015).

29. See <http://reajanasruas.blogspot.com.uy/>



For philosopher Vladimir Safatle, this fear among citizens is a constant in “democratic states” that “try by all means to turn popular revolt into a crime, with penalties of more than 20 years in prison” (Safatle, 2015). In his view, the law is a direct response to the June 2013 mobilizations and the fear of their recurrence. The striking aspect is that a leftist party, which once suffered repression under the military regime, has now taken the initiative to strengthen the repressive apparatus and the legislation that legitimizes its nearly indiscriminate actions against street protests.

In *State of Exception* (a book published in 2004 that remains highly relevant today), Italian philosopher Giorgio Agamben argues that in all Western democracies, “the declaration of the state of exception is being replaced by an unprecedented generalization of the paradigm of security as a normal technique of government” (Agamben, 2005: 44). Both economic crises and mega-events have become laboratories for an accelerated expansion of police-judicial control. Following Walter Benjamin’s expression, the suspension of rights, the criminalization of social protest, and a militarization model that is neither transitory nor incidental demonstrate that we live in a “permanent state of exception.”

What ultimately fell into crisis was a project that sought to manage actually existing capitalism (i.e., extractive capitalism) with a veneer of civility. The result of years spent administering this model was the emergence of a new generation of managers who became entrenched in the upper echelons of the State –whether in central administrations, state-owned enterprises, or through alliances with private companies. The crisis of progressivism exposes what its discourse sought to conceal: how social policies, under the guise of social justice and the fight against poverty and inequality, were ultimately limited to co-opting popular leaders in an attempt to domesticate the movements of the poorest.

Social policies were essential for achieving an unspoken objective: forging alliances between emerging elites and the traditional ruling classes to govern the subaltern classes with minimal resistance. However, “to govern” is an inadequate term, as it falls short of capturing the full scope of the process. This was about the capitalist modernization of society, which required integrating those at the bottom by erasing their cultural differences –what Aníbal Quijano refers to as the structural



heterogeneity of Latin America. The promotion of consumption among the popular sectors and their financial inclusion was, above all, a gateway to a mode of governance that had never before penetrated so deeply into the most marginalized layers of society –indoctrinating them on one hand, while facilitating capital accumulation on the other.

Under the discourse of citizen participation and the inclusion of historically marginalized sectors of society, these regimes adopted a minimalist understanding of democracy, reducing it to mere electoral processes. Through clientelist policies, they hollowed out the organizations and social movements that had gained strength during the resistance to neoliberalism, producing passive citizens instead of fostering societies that are conscious and free from the insecurities and uncertainties that capitalism perpetuates.

The phenomenon of the feminization of several presidencies in the region reflects a certain cultural shift in public opinion and greater confidence in women's capacity to govern. However, gender equality remains a distant horizon in our societies. Patriarchal culture continues to predominate in the region, and historical gender gaps persist in decision-making processes, political organizations, public institutions, hierarchical positions, and salaries.

In countries where women have governed or are currently governing (Argentina, Brazil, and Chile), presidential leadership stands in stark contrast to the limited presence of women in elected bodies, political party leadership, and other spheres of authority. Patriarchal power remains deeply entrenched in political parties and society at large, manifesting consistently in political practices, regardless of who holds the presidency. Progressivist governments have done little to transform these realities or to dismantle the persistence of androcentric elements in the culture and practices of political organizations in the region. Poverty and exclusion continue to have an Indigenous, Black, *cholo*³⁰ and female face.

The low participation of young people, who lack policies that encourage their engagement, reflects a general disinterest in politics. These data may indicate a lack of confidence in the specific way politics has functioned and continues to operate in the so-called progressivist countries of the region. Moreover, as a result of the social mobilizations in which they have participated –or even played a leading role– such as protests against public transportation fare increases and the World

30. TN: Ethnonym for the mestizo population, with indigenous and white traits.



Cup in Brazil, the demand to keep oil in the ground in Yasuni National Park in Ecuador, or the massive demonstrations for better education conditions in Chile, political power has come to perceive them as adversaries.

Further research is needed to determine the extent to which these efforts have been successful. The mapping of local resistance indicates that there is an ongoing project to displace entire villages that live on or around the wealth targeted for extraction. However, just as serious as the mass displacements caused by mining ventures, monocultures, mega-projects, or real estate speculation are the new immaterial modes of domination. Among these, the dependence on the financial system –promoted by progressivism– stands out, as its tentacles now reach all sectors of society, largely due to the social policies implemented in recent years.



Epilogue

The Crossroads of Critical Thinking & The Crisis of Intellectuals

One of the most disastrous consequences of the progressivist period is the near-total abandonment of the role of academic professionals as promoters of critical thinking. Rarely in history have we witnessed such an extensive combination of intellectual simplification and conformism as in recent years. It is particularly striking that some of the most prominent public intellectuals are capable of comparing, for instance, Putin with Lenin, while others vehemently defend their governments with the weak argument that they have reduced poverty.

The comparison between the Russian revolutionary and the former KGB member turned president exemplifies what Subcomandante Galeano referred to as “lazy thinking.” Emphasizing poverty as the central argument in the defense of progressivism is tantamount to discarding the rich debates that have taken place in every triumphant revolution, in favor of a mode of thinking aligned with the logic of the World Bank, which has turned the “fight against poverty” into its strategy for disciplining societies.

The powerful debates on “socialism in one country” between the supporters of Trotsky and Stalin; on the ways to overcome the opposition between intellectual and manual labor or between leaders and the led during the Chinese Cultural Revolution; or the controversy over the law of value in transitional societies –led by Che in discussion with Mandel and Bettelheim, with the participation of Paul Sweezy, among others– now seem like relics from another world when compared to the dull and disheartening arguments we have heard in recent years.

Several factors can explain this deterioration. Intellectual work is not merely a trade or profession but a collective task in service of social subjects engaged in



struggle. Critical thinking cannot be subordinated to existing power structures; rather, it must be exercised freely, with a strong self-critical vocation –not out of masochism, but out of the genuine interest that all rebels should have in taking stock and refining their practices.

According to the literature on the subject, the term *intellectual* –as we conceive it today– originated in France at the end of the 19th century, emerging from the solidarity movement in support of Alfred Dreyfus (the Dreyfus Affair). Dreyfus, a French army captain of Jewish origin, was convicted of high treason for allegedly passing secret information to the German military representative in Paris, despite the fragility of the evidence against him. He was sentenced to life imprisonment on the infamous Devil's Island, located eleven kilometers off the coast of French Guiana.

A plea in defense of Captain Dreyfus, written by Émile Zola –the greatest exponent of literary naturalism– was published by the newspaper *L'Aurore* on January 13, 1898, under the title “*J'accuse...*” (“*I Accuse...*”). The following day, it led to a manifesto titled *A Protest*, signed by Anatole France, Pierre Louÿs, Charles Seignobos, Marcel Proust, Charles Péguy, and many others. Georges Clemenceau, editor-in-chief of *L'Aurore*, described them as “those intellectuals who rally around an idea and remain unshakable.”

In Russia, a few years later, the term *intelligentsia* emerged, as sociologist Carlos Altamirano aptly points out, to define itself as a cultural segment “with a redemptive mission” (Altamirano, 2013: 35). Over time, the term *intellectuals* came to coexist interchangeably with *intelligentsia*.

Altamirano, in his work *Intelectuales (Intellectuals)*, highlights the classic formulation of this concept in the manifesto published in 1928 by Julien Benda, *La traición de los intelectuales (The betrayal of intellectuals)*. In this text, the role of the intellectual is emphasized not as political or sociological but as “transcendent and of a moral order” (Altamirano, 2013: 39). Benda states, “I think it is important that there are men, even when it is hurtful, who guide their fellow men to religions other than those of the temporal. But those who bear the burden of this task, and I call them ‘clerics,’ not only do not face it, but they fulfill the opposite task.”

Jean-Paul Sartre went further, and in 1945 wrote in the magazine *Le Temps Modernes*: “I hold Flaubert and Goncourt responsible for the repression that followed the Commune because they did not write a word to prevent it.” For the



father of existentialism, the mission of an intellectual is to provide society with a “restless awareness” of itself, “an awareness that tears it away from immediacy and awakens reflection” (Altamirano, 2013: 46). This implies a committed and critical intellectual, yet one who remains autonomous from political powers and apparatuses –neither subject to political or religious authority, nor subordinated to the revolutionary party.

Finally, it is worth mentioning the Palestinian intellectual Edward W. Said, who, in *Representations of the Intellectual* (1996: 39), states:

“Basically, the intellectual (...) is neither a peacemaker nor a consensus builder, but rather someone who has staked their entire being on critical thinking and who, therefore, refuses to accept easy formulas, stereotyped clichés, or the reassuring and accommodating confirmations of what the powerful or the conventional have to say –as well as what they do.”

Altamirano summarizes Said’s thought by identifying him as “a contradictor of power, a disruptor of the *status quo*, whose role is that of a sniper: he publicly raises uncomfortable questions for rulers, challenges the religious and ideological orthodoxies of his society, and his untamed spirit refuses to be domesticated by institutions” (Altamirano, 2013: 48).

Marx was not particularly interested in intellectuals. In the preface to *The German Ideology* –written together with Engels between 1845 and 1846– he referred to them with irony, stating that “a clever man once thought that men sank in water and drowned simply because they let themselves be carried away by the idea of gravity.” However, Marxists such as Karl Kautsky and Antonio Gramsci, among others, addressed this subject extensively. For Gramsci, the concept of the organic intellectual –defined by their position and function within a social structure– is one of the central and defining concepts of his thought. Thus, the founder of the Italian Communist Party argued that a new emancipatory culture could not be formed without a counter-hegemony, identifying intellectuals at the center of this political process as a social group responsible for carrying out this task on a broader scale.

Intellectuals are the ‘employees’ of the dominant group, responsible for carrying out the subordinate functions of social hegemony and political governance, namely: (1) the spontaneous ‘consensus’ that the masses grant to the direction imposed on social life by the dominant social group –a consensus that historically arises from the prestige (and, consequently, the trust) that the dominant group holds due to



its position and role in the sphere of production; (2) the apparatus of state coercion, which ‘legally’ ensures the discipline of groups that do not ‘consent,’ either actively or passively, but which is maintained by society as a whole in anticipation of moments of crisis in leadership and governance –situations in which spontaneous consensus diminishes (Gramsci, 2004: 127).

So, Gramsci understands that the role of the intellectual is to ideologically justify the existing political-ideological superstructure, a task evidently carried out for the benefit of the dominant class’s social predominance. However, the intellectual may choose to commit to the most disadvantaged, even if they come from a higher class –Gramsci argues– by establishing their critique for the benefit of the dominated and working classes as an “organic intellectual,” a process that also entails their declassification.

Of the three historical forms of the “organic intellectual” recognized by Gramsci –clergy in medieval feudal societies, liberal intellectuals in the bourgeois world, and intellectuals serving the revolutionary party as an expression of the workers’ movement– it is the figure of the class traitor with which the prevailing intellectual circles in Latin America most readily identify. The segment of Latin American thought that considers itself the intelligentsia has forgotten the essence of the rebellious, autonomous, and critical intellectual tradition that once created spaces for thought grounded in rationality to challenge power, instead shifting toward a role in legitimization. These contemporary “organic intellectuals” advocate, in long and often tedious texts composed of a mosaic of ideological fragments –frequently disconnected– for the “revolution,” “socialism,” and the “great fatherland,” placing renewed faith in presidents and other institutional leadership figures.

Although the figure of the organic intellectual has lost its meaning, this Latin American intelligentsia, aligned with the new governments –under the guise of a supposed contemporary development of critical thought– once again conceives politics as something inherently linked to the management of power. Thus, domination, which the French philosopher Jacques Rancière considers mere administration of nominally recognized parties, is once again associated with the Foucauldian concept of *police*. For a political thought constrained by systemic boundaries, there is no space for the social sector that does not feel represented. From the perspective of binary thinking, this is seen as a divisive factor.

From the seventeenth century onwards, the term “police” came to encompass all the means by which the forces of the State could be increased while maintaining its good



order. In other words, the police became the calculation and technique that allowed for the establishment of a mobile yet stable and controllable relationship between the internal order of the State and the growth of its forces (Foucault, 2011: 320).

The purported attempt to develop a Latin American “organic critical thinking,” functional to the institutional power of the progressivist governments in the region, has been banal, not to say derisory. The failure of such an attempt is rooted in its own contradictions:

(a) There cannot be a form of critical thinking that is not anchored in Pierre Vilar’s famous proposal to think historically (Vega, 2012) and, therefore, to question the imposed acceptance that capitalism has always existed and will always exist, which reduces the playing field to merely attempting to “humanize” it (critical thinking is, by definition, radically anti-capitalist). (b) Critical thought is radical and open; it demands an uncompromising analysis of the mechanisms that sustain domination, leaving no room for seduction by power, and it operates from a perspective much broader than Marxist orthodoxy (incorporating anarchism, environmentalism, feminism, indigenism, and more). (c) Critical thought is anti-colonialist and seeks to transcend the Eurocentric concept of progress along with its legacy of death and destruction (Vega, 2012). (d) Critical thought is committed rather than merely contemplative; it is actively engaged in political action and, as a result, is repressed, persecuted, and despised by spaces of power. (e) Critical thinking does not preen in front of the mirror nor does it materially benefit from any political conjuncture. This means that, aware that the academic business undermines Sartre’s principle that the university is meant for people capable of doubt, it understands that critical thought is built far beyond university spaces and debates among academic elites.

We believe we are witnessing the end of a generation of intellectuals and, quite possibly, the very function of the intellectual itself. This is partly because they have ceased to be critical thinkers, but also because they have distanced themselves from real life, from social movements, and from the common people they should serve. In this regard, the decline of intellectuals as professionals of thought is good news, as it liberates critical thought from two constraints that have rendered it docile and tiresome: the material question and individualism, both closely linked to Eurocentrism.

The first issue is the one raised by Alberto Flores Galindo in his *Testamento* [*Testament*] (1989), where he argued that the separation between ethics and



politics led an entire generation of intellectuals to be absorbed into the established order. “While the country was dramatically impoverished, we on the left were improving our living conditions,” as work in foundations and NGOs led that generation to “end up absorbed by the most vulgar economic determinism” (Flores Galindo, 1989). It is a critical and, therefore, self-critical text.

A significant portion of today’s professionals of thought lives in material abundance, exploiting the benefits granted by academia, which allows them to own luxurious homes attended by maids and to adopt lifestyles characteristic of the bourgeoisie. They do whatever it takes to maintain that status, which becomes evident in their writings when they “forget” the popular protagonisms that made the progressivist cycle possible and focus solely on the role of leaders. In keeping with the entire tradition of critical thought, we must recognize that these leaders play only a secondary role in struggles for emancipation.

The second issue is that such individualistic and Eurocentric intellectuals are no longer necessary. Moreover, they have become a burden, a dead weight for anti-systemic movements. We can agree with Arturo Escobar that “Latin American critical thought is more vibrant than ever” (Escobar, 2016), but only on the condition that it is rooted in different spaces and times, alongside other actors. It is a collective form of thought that emerges in *mingas*, in community festivals, in communal kitchens in the urban peripheries, in popular markets, and during the indigenous, peasant, and Black uprisings that dot the continent. In other words, it arises in all those space-territories where the marginalized sustain life and resist death.

It is to these thoughts and territories that we are indebted. Very often, they are articulated by community thinkers whose surnames are rarely spoken in academic circles but frequently appear in police records. Hugo Blanco, Luis Macas, Máxima Acuña, Patricia Troncoso, insurgent Subcomandante Moisés, Amancay Diana Sacayán, Lorenzo Muelas, Hamilton Borges, and Oscar Olivera are some of the key figures of this new collective, rebellious, and anti-capitalist thought –because they embody their peoples. From now on, it will be with them, in their communities and *palenques*³¹ –no longer with those who speak eloquently but frequent the offices of power. This is yet another lesson from the progressivist decade.

31. TN: Wooden fence or picket that is made for the defense of a post, to enclose the ground on which a public festival or a fight is to be held.



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